73d Congress, 2d Session — SENATE — Document No. 140

EMERGENCY HOG MARKETING PROGRAM

LETTER

FROM

THE SECRETARY OF AGRICULTURE

TRANSMITTING

IN RESPONSE TO SENATE RESOLUTION No. 123
A REPORT ON THE EMERGENCY HOG MARKETING
PROGRAM CONDUCTED FROM AUGUST 23 TO
OCTOBER 7, 1933, AS PREPARED BY THE
AGRICULTURAL ADJUSTMENT
ADMINISTRATION

February 20 (calendar day, February 26), 1934.—Ordered to lie on the table and be printed, with an illustration

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LETTER OF TRANSMITTAL

Department of Agriculture,
Washington, D.C., February 21, 1934.

The President of the Senate.

Sir: Pursuant to request made under Senate Resolution No. 123, second session of the Seventy-third Congress, I am transmitting herewith a report on the emergency hog-marketing program conducted from August 23 to October 7, 1933, as prepared by the Agricultural Adjustment Administration with respect to total number of animals purchased; the live weight of same; the total dollars paid; the yield and disposition of products; price trends at specified markets before, during, and after the buying campaign; and an opinion based on available data with respect to hog-price movements during October, November, and December.

Sincerely yours,

H. A. Wallace, *Secretary.*

SENATE RESOLUTION 123

In the Senate of the United States,
January 8, 1934.

Resolved, That the Secretary of Agriculture be, and he is hereby, requested to send to the Senate a statement containing the following facts:

1. The total number of pigs and hogs purchased by the Government between the dates of August 23, 1933, and October 7, 1933, both inclusive; the total live weight of the same; and the total dollars paid.

2. The total pounds (live weight) of such pigs and hogs which were processed for the account of the Government.

3. The total pounds (live weight) of such pigs and hogs which were destroyed upon order of the Government, together with the number of head and average live weight of the same. How the carcasses of the animals which were destroyed but not processed were disposed of, and what was the total cost of such destruction.

4. The number of pounds of edible dressed products processed and accounted for by the processors to the Government; the disposition made of such processed products as well as the amount now on hand for distribution.

5. What was the average weekly price paid for live hogs on the Chicago, Saint Louis, Kansas City, Sioux City, Saint Paul, Denver, Portland, Oreg., and Fort Worth markets during the 4 weeks preceding the commencement of the Government pig-hog buying campaign; the average weekly price, exclusive of those purchased by the Government during the time the Government was in the markets buying, as well as the average weekly price for each week subsequent to the conclusion of the aforesaid pig-hog buying campaign. In the opinion of the Secretary of Agriculture what caused the sharp declines between October 18 and November 3; the advances for a short period and the further sharp declines the latter part of November and during December.

MEMORANDUM

IN RESPONSE TO SENATE RESOLUTION 123

Parts I to IV

The emergency hog-marketing program (Aug. 23 to Oct. 7, 1933, both inclusive) was inaugurated as a result of recommendations made to the corn and hog section of the Agricultural Adjustment Administration by the National Corn and Hog Producers' Committee of Twenty-five. This committee consisted of 25 farmers and representatives of farm organizations, selected at a conference at Des Moines, Iowa, on July 18, 1933. The delegates at the Des Moines conference had been selected by those in attendance at State meetings held in the 10 principal corn-and-hog producing States of Ohio, Indiana, Illinois, Iowa, Nebraska, Minnesota, South Dakota, Kansas, Wisconsin, and Missouri. The number of delegates from each State was determined by the ranking of that State in the production of corn and hogs.

Following the Des Moines conference of July 18, 1933, the Corn-Hog Producers' Committee of Twenty-five met to consider recommendations to the Agricultural Adjustment Administration with respect to the initiation of plans for corn and hogs.

At a formal conference called by the Agricultural Adjustment Administration on August 10, 1933, at Washington, D.C., Mr. Earl C. Smith, chairman of the National Corn-Hog Producers' Committee of Twenty-five, presented the following report of the resolutions adopted by his committee:

> In the brief time in which the committee has had an opportunity to look into the problems presented by the commodities of corn and hogs and their unquestioned relationship and to offer recommendations as to the initial steps that should be taken to raise the price level of the respective commodities to a pre-war parity basis, we reached the conclusion that the problem must necessarily be met by addressing our thoughts to, first, an emergency program, to be followed immediately by a possibly more permanent and effective method. We are, therefore, largely confining recommendations at this time to the emergency phases of the problem—primarily recommendations to raise the price of hogs at the earliest possible time. We find very definite and substantial increases in the production of hogs both as to number and tonnage taking place, while at the same time a substantial decrease in normal outlets, both in the export and domestic markets, obtains. If such a condition is to be met, it necessarily calls for what ordinarily might be termed drastic measures.
>
> To be more specific, economists of the Department advised that the increase in pigs farrowed, and to be farrowed, during 1933 will be approximately 7 percent greater than the farrowings of 1932. In terms of tonnage, this increase would amount to approximately 700,000,000 pounds of live-weight pork. We are also informed that the decrease in normal exports amounts to approximately 500,000,000 pounds. Taken together, this presents a problem of removing at the earliest possible time and in the most economical way, approximately 1,200,000,000 pounds of pork production. In addition, some further reduction appears to be essential if we are to have a substantial raise in the price of hogs. The enormous increase in production, coupled with a decrease in normal market channels,

has resulted in holding the price of hogs to approximately 50 percent of the pre-war parity price level.

To meet this situation, we recommend the removal from the domestic market of 500,000,000 pounds of pork and pork products between now and January 1, 1934, and a total of 2,000,000,000 pounds during the coming marketing year by any one, or a combination of the following methods, (*a*) encouraging the marketing of 4,000,000 pigs from 25 to 100 pounds average weight between August 15 and October 1, according to the following price schedule:

	Cwt.
25 to 40 pounds	$9. 00
41 to 50 pounds	8. 50
51 to 60 pounds	8. 00
61 to 70 pounds	7. 50
71 to 80 pounds	7. 00
81 to 90 pounds	6. 50
91 to 100 pounds	6. 00

(*b*) Inducing the immediate marketing of 1,000,000 sows above 275 pounds in weight, soon to farrow, by offering a premium of $4 per head, plus the removal of the usual dockage.

It is proposed to dispose of the resulting meat and meat products from the best of these animals by the sale on a moderate basis to relief agencies, under definite agreements that their normal purchases of meat will not be reduced. The balance of the lower grades of meat, resulting from this type of marketing, should be condemned, tanked, and such salvage realized therefrom as would be possible without serious inconvenience or injury to the usual demand for this type of product. To make this program effective, we recommend that a very substantial or restrictive processing tax be placed upon all hogs above 235 pounds live weight, other than packing sows, at the earliest practicable date.

It is further proposed that the revenue necessary to make prompt payment to farmers for their marketings of this class of animals, according to the suggested price schedules, be provided by a processing tax on all hogs marketed in the usual way during the next 12-month period. It is believed the net effect of these recommendations, if and when approved and put into operation, will remove from the market approximately 2,000,000,000 pounds of live-weight pork during the next 12-month period. This should result in a very substantial improvement in the price of hogs over and above present price levels, plus any necessary processing taxes that it may be necessary to levy according to the recommendations submitted herewith.

In addition, this program will provide very substantial and necessary cash for the present owners of millions of pigs and brood sows, who are in distressed areas where drought and insect pests have destroyed necessary feed, thus giving to the farmers engaged actively in the hog producing and feeding industry very substantial benefits. In making these recommendations, the committee is fully aware of its temporary character; and they are being made only to meet the present emergency. They will be followed, not later than October 1, by recommendations of a much more permanent and we believe, effective character with the one purpose in mind of getting corn and hogs into a parity price relationship, and keeping them on such a basis.

After discussion by those in attendance at the conference, a motion was made and seconded to the effect that the conference go on record as favoring the formulation of an emergency program, following the recommendations of the National Corn and Hog Producers' Committee, at the earliest possible moment. The motion carried, with no votes in opposition.

Immediately following the conference of August 10, proposals presented by the National Corn and Hog Producers' Committee of Twenty-Five were carefully examined by specialists and officials of the Agricultural Adjustment Administration. It was agreed that the proposed program was sound and practicable. Detailed plans for operation were drawn after a series of conferences with producers and representatives of meat processors; and the program was officially announced by the Secretary of Agriculture on August 18.

The program was put into operation on August 23 at six points. Other points of purchase were added as soon as processors at such points were ready to begin operations. Contracts for processing and otherwise handling the hogs purchased under the emergency program were entered into with processors located at 80 different points in 32 States.

The schedule of premium prices paid at the base processing point, Chicago, was as follows:

Weight:	Price per 100 pounds
25 to 30 pounds	$9. 50
31 to 35 pounds	9. 25
36 to 40 pounds	9. 00
41 to 45 pounds	8. 75
46 to 50 pounds	8. 50
51 to 55 pounds	8. 25
56 to 60 pounds	8. 00
61 to 65 pounds	7. 75
66 to 70 pounds	7. 50
71 to 75 pounds	7. 25
76 to 80 pounds	7. 00
81 to 85 pounds	6. 75
86 to 90 pounds	6. 50
91 to 95 pounds	6. 25
96 to 100 pounds	6. 00

Prices of pigs at authorized processing points other than Chicago were determined by adding or subtracting specified market differentials from the Chicago base price. These differentials were based on the usual differences in price quotations which exist among the various principal livestock markets.

The premium paid for sows unmistakably near farrowing, and weighing not less than 275 pounds, was a bonus of $4 per head at all marketing points.

In order to prevent gluts in shipments of pigs and sows, Administration officials, in collaboration with the Institute of American Meat Packers and livestock commission agencies, established shipping permit committees at all of the principal markets. Producers and others shipping pigs and sows, intended to qualify for the market premiums, were required to obtain advance permission to ship. Although Administration officials made every effort to see that the program was conducted in a fair and proper manner, some confusion occurred unavoidably on account of the broad scope of the buying operations and the rapidity with which they had to be inaugurated. In a few instances it was reported that unscrupulous dealers conspired to prevent producers from receiving the market premiums offered for the pigs and sows. These cases are being investigated as rapidly as possible with a limited personnel. One investigation has been completed, the evidence submitted for consideration of the Federal grand jury at Aberdeen, S.Dak., and five men indicted.

The sows purchased for the account of the Secretary were processed into carcass sides, known as Wiltshires, and given a dry salt cure. The heavy pigs also were slaughtered for production of dry salt meat. The total quantity of dry salt meat, approximately 100,000,000 pounds, which resulted from the emergency program, was consigned to the Federal Emergency Relief Administration for distribution among needy families. The Relief Administration paid the cost of cutting, packing, and shipping the cured meat.

Light pigs were not utilized for edible materials because small carcasses cannot be adequately and satisfactorily handled by packing house machinery, particularly dehairing machines, and because complete utilization of all pigs for edible products, irrespective of the cost which might have been involved in necessary supplementary hand processing, would have considerably delayed the program. Therefore, they were utilized for production of two inedible products, fertilizer tankage and grease. The average yield of inedible grease was about 3 to 5 pounds per animal, depending upon weight. The tankage yield, dry basis, was approximately 5 pounds per animal.

The total yield of inedible grease, approximately 21,000,000 pounds, was stored and subsequently sold to commercial establishments submitting highest bids, at an average price of $2.61 per hundredweight.

Only about one fourth of the tankage was saved, as the market price on fertilizer tankage would not cover the cost of processing it, drying it, and preparing it for shipment. The processors were authorized to dispose of it in the most practicable manner under their individual circumstances, thus to avoid additional processing and storage costs. In most cases the tankage was given away free to farmers or disposed of in accordance with the existing regulations covering such disposal.

The quantity of tankage that was dried (about 5,043 tons) was held in storage until November when it was sold to highest bidders at an average price of $11.75 per ton.

About $30,600,000 was expended for live animals during the emergency marketing period, which began on August 23 and terminated on October 7, 1933. These funds were distributed, according to the number of hogs purchased, to farmers in 41 States. The program offered timely relief for producers in States where dry weather had materially reduced feed supplies available for hog feeding. As an example, South Dakota, which was especially hard hit by drought, received the second largest total amount of money for hogs, although the State ranks ninth in hog production. If no emergency program had been conducted, farmers in drought areas would have had either to sell their pigs at the low prices prevailing before market premiums were offered, or to buy necessary feed at comparatively high prices. In many cases, pigs would have starved to death since farmers were without money to purchase feed and the pigs were not in salable condition.

The original estimated budget allowed for a possible total gross expenditure of between $50,000,000 and $55,000,000. Actually, the total gross expenditure will be about $35,000,000. The difference is due in part to the fact that the purchase of approximately 2,000,000 additional pigs did not equal the amount which would have been expended had 1,000,000 sows been purchased (there were 222,144 sows purchased during the program) and in part to the fact that processing and other costs were less than the preliminary estimate.

A numerical summary [1] of the emergency program as of January 15, 1934 (in specific response to parts I to IV, inclusive, of Senate Resolution 123) follows:

[1] Figures dealing with the emergency hog marketing program given herein are subject to revision in all instances. This report is based upon the latest available information, but the final report of the auditors for the Agricultural Adjustment Administration is not yet available. Final figures will not di.f greatly from those presented herein.

	Number of head	Approximate live weight	Approximate total amount paid for live hogs
1. Purchases for edible purposes:			
(*a*) Pigs (70–80–100 pounds)	1, 083, 650	93, 816, 471	$5, 928, 177. 62
(*b*) Sows	222, 149	79, 100, 364	3, 355, 182. 28
Subtotal	1, 305, 799	172, 916, 835	9, 283, 359. 90
2. Purchases for inedible purposes:			
(*a*) Light pigs	5, 105, 067	270, 573, 305	21, 359, 742. 05
Total (all pigs and sows)	6, 410, 866	443, 490, 140	30, 643, 101. 95
3. Yield and processing cost of edible product:			
(*a*) Dry salt meat produced pounds			100, 145, 000
(*b*) Shrinkage in cure do			2, 614, 000
(*c*) Net yield of meat do			97, 531, 000
(*d*) Amount of product ordered shipped (as of Jan. 1, 1934) pounds			86, 303, 674
(*e*) Remainder available for distribution (subsequent to Jan. 1, 1934) pounds			11, 227, 326
(*f*) Amount remaining for distribution (as of Jan. 25, 1934) pounds			1, 500, 000
4. Yield and processing cost of inedible products:			
(*a*) Yield of grease do			20, 868, 355
(*b*) Estimated potential yield of tankage (approximate) pounds			25, 000, 000
(*c*) Amount of tankage saved and stored do			10, 086, 000
(*d*) Total processing cost for inedible purposes (including cost of tankage disposal)			1, 874, 000. 00

Report of total number of pigs and sows purchased during the emergency hog marketing program by State of origin Aug. 23 to Oct. 7, 1933—both inclusive

	Edibles			Inedibles		
	Number of head	Pounds (live weight)	Live weight cost	Number of head	Pounds (live weight)	Live weight cost
New York	310	27, 640	$1, 850. 15	1, 189	55, 405	$4, 796. 94
New Jersey	148	12, 485	873. 38	1, 467	65, 862	5, 727. 73
Pennsylvania	228	19, 925	1, 347. 24	1, 097	53, 175	4, 596. 70
Ohio	69, 095	5, 938, 994	398, 354. 59	330, 995	17, 511, 490	1, 444, 587. 55
Indiana	76, 538	6, 547, 236	433, 440. 55	268, 561	14, 601, 535	1, 183, 172. 69
Illinois	113, 409	9, 875, 978	643, 961. 17	427, 839	23, 818, 485	1, 908, 643. 36
Michigan	16, 281	1, 409, 235	92, 850. 15	59, 185	3, 192, 885	258, 899. 85
Wisconsin	33, 391	2, 935, 033	187, 081. 51	129, 066	7, 307, 716	572, 829. 00
Minnesota	79, 265	6, 959, 972	426, 924. 98	374, 892	20, 457, 890	1, 577, 928. 66
Iowa	116, 147	10, 050, 221	632, 490. 70	429, 317	23, 909, 516	1, 858, 239. 09
Missouri	147, 995	12, 798, 952	807, 808. 92	627, 720	34, 077, 624	2, 671, 434. 16
North Dakota	30, 723	2, 666, 945	163, 343. 42	206, 819	10, 680, 540	833, 117. 81
South Dakota	82, 956	7, 187, 894	449, 895. 76	713, 310	35, 949, 143	2, 866, 249. 53
Nebraska	84, 001	7, 193, 135	447, 386. 57	353, 735	18, 905, 896	1, 471, 287. 61
Kansas	121, 917	10, 592, 273	652, 245. 59	568, 320	29, 695, 225	2, 311, 535. 22
Maryland	375	32, 740	2, 221. 11	4, 756	215, 750	18, 842. 61
Virginia	2, 264	194, 865	12, 877. 70	17, 430	856, 780	71, 467. 05
West Virginia	901	81, 017	5, 397. 25	7, 573	392, 645	33, 040. 90
North Carolina	732	63, 465	3, 880. 69	3, 681	180, 705	14, 135. 63
South Carolina	290	24, 389	1, 503. 20	2, 379	111, 100	8, 559. 15
Georgia	1, 450	133, 356	6, 957. 76	9, 110	436, 050	31, 327. 63
Florida	1, 236	107, 075	5, 894. 55	4, 353	227, 640	15, 761. 93
Kentucky	10, 664	929, 030	60, 156. 75	46, 164	2, 484, 055	199, 131. 16
Tennessee	3, 885	326, 335	21, 570. 63	21, 341	1, 061, 225	87, 064. 43
Alabama	490	42, 696	2, 593. 33	3, 549	164, 493	12, 950. 37
Mississippi	135	12, 015	720. 57	1, 669	78, 210	6, 237. 44
Arkansas	4, 227	359, 305	23, 149. 20	27, 721	1, 307, 865	108, 736. 63
Louisiana	7	610	36. 60	116	6, 770	506. 35
Oklahoma	55, 243	4, 758, 126	289, 332. 30	314, 587	15, 355, 620	1, 209, 760. 66
Texas	15, 440	1, 331, 755	79, 960. 76	75, 995	3, 703, 700	287, 737. 92
Montana	1, 177	101, 285	6, 271. 10	5, 495	306, 290	23, 301. 62
Idaho	977	83, 351	5, 016. 74	2, 675	140, 202	10, 574. 05
Wyoming	1, 223	102, 253	6, 396. 18	5, 727	296, 949	22, 928. 82
Colorado	5, 315	460, 999	27, 615. 68	34, 702	1, 805, 660	136, 516. 89
New Mexico	274	24, 270	1, 452. 46	1, 835	94, 490	7, 228. 46
Arizona	1, 339	116, 825	6, 918. 90	4, 408	223, 872	17, 086. 23
Utah	197	17, 189	790. 12	782	41, 162	3, 108. 47

Report of total number of pigs and sows purchased during the emergency hog marketing program by State of origin, Aug. 23, to Oct. 7, 1933—both inclusive—Contd.

	Edibles			Inedibles		
	Number of head	Pounds (live weight)	Live weight cost	Number of head	Pounds (live weight)	Live weight cost
Nevada	----------	----------	----------	80	4,270	$328.93
Washington	534	47,837	$2,786.54	2,974	165,065	12,164.25
Oregon	307	26,335	1,574.95	1,536	76,165	5,875.39
California	2,569	223,850	13,274.12	10,917	554,185	42,323.18
	Sows			**Total pigs and sows**		
New York	65	20,690	$917.11	1,564	103,735	$7,564.20
New Jersey	14	6,680	272.28	1,629	85,027	6,873.39
Pennsylvania	29	10,720	444.69	1,354	83,820	6,388.63
Ohio	5,586	1,877,010	76,633.95	405,676	25,327,494	1,919,576.09
Indiana	11,997	4,224,065	181,554.58	357,096	25,372,836	1,798,167.82
Illinois	35,671	12,897,400	561,607.90	576,919	26,591,863	3,114,212.43
Michigan	1,874	652,020	28,000.66	77,340	5,254,140	379,750.66
Wisconsin	5,464	1,964,080	85,042.46	167,921	12,206,829	844,952.97
Minnesota	14,496	5,356,486	219,735.15	468,653	32,774,448	2,224,588.79
Iowa	70,341	25,514,955	1,079,754.47	615,805	59,474,692	3,570,484.26
Missouri	9,866	3,479,954	145,265.74	785,581	50,356,530	3,624,508.82
North Dakota	1,419	418,960	18,177.74	238,961	13,766,445	1,014,638.97
South Dakota	11,516	3,961,100	165,451.18	807,782	47,098,137	3,481,596.47
Nebraska	35,664	12,600,864	542,188.87	473,400	38,699,895	2,460,863.05
Kansas	8,593	2,967,503	118,203.74	698,830	43,255,001	3,081,984.55
Maryland	39	12,845	676.49	5,170	261,335	21,740.21
Virginia	136	42,510	2,161.68	19,830	1,094,155	86,506.43
West Virginia	11	3,315	155.31	8,485	476,977	38,593.46
North Carolina	12	3,750	187.60	4,425	247,920	18,203.92
South Carolina	17	5,805	249.12	2,686	141,294	10,311.47
Georgia	29	9,290	377.89	10,589	578,696	38,663.28
Florida	25	9,140	377.90	5,614	345,855	22,034.38
Kentucky	1,309	411,295	17,131.79	58,137	3,824,380	276,419.70
Tennessee	327	99,175	4,498.49	25,553	1,486,735	113,133.55
Alabama	22	6,470	283.94	4,061	213,659	15,827.64
Mississippi	2	535	24.05	1,806	90,760	6,982.06
Arkansas	105	33,180	1,438.84	32,053	1,700,350	133,324.67
Louisiana	----------	----------	----------	123	7,380	542.95
Oklahoma	3,949	1,304,420	51,748.67	373,779	21,418,166	1,550,841.63
Texas	707	222,601	8,969.22	92,142	5,258,056	376,667.90
Montana	194	64,505	2,890.16	6,866	472,080	32,462.88
Idaho	194	68,199	3,097.70	3,846	291,752	18,688.49
Wyoming	107	38,300	1,633.90	7,057	437,502	30,958.90
Colorado	1,074	391,346	16,352.44	41,091	2,658,005	180,485.01
New Mexico	29	9,175	423.37	2,138	127,935	9,104.29
Arizona	101	28,715	1,235.58	5,848	369,412	25,240.71
Utah	50	16,781	601.39	1,029	75,132	4,499.98
Nevada	9	2,840	138.20	89	7,110	467.13
Washington	270	92,035	4,207.23	3,778	304,937	19,158.02
Oregon	117	44,440	2,138.76	1,960	146,940	9,589.10
California	714	226,790	10,905.79	14,200	1,007,825	66,503.09

PART V

AVERAGE WEEKLY PRICES OF LIVE HOGS AT SPECIFIED MARKETS, BY WEEKS, JULY 22, 1933, TO DATE

The average weekly prices paid for live hogs at Chicago, East St. Louis, Kansas City, Sioux City, St. Paul, Denver, Portland, and Fort Worth, from July 22 to date, are shown in table 1. These prices represent the average cost of hogs to packers and shippers at the respective markets. In accordance with the request in the resolution, the prices are divided into three periods—(1) the 4 weeks prior to the commencement of the Government hog-purchasing program, (2) the period of the Government hog-purchasing program, and (3) the period subsequent to the termination of the Government hog-purchasing program.

TABLE I.—*Weekly average price per 100 pounds of hogs at selected markets, July 22, 1933, to Jan. 6, 1934*

(Compiled by Division of Livestock, Meats, and Wool, Bureau of Agricultural Economics)

Week ending—	Chicago [1]	Denver [1]	East St. Louis [1]	Fort Worth [1]	Kansas City [1]	Sioux City [1]	St. Paul [1]	Portland [2]
1933								
4 weeks prior to beginning of Government hog-purchasing program:								
July 29	$4.32	$4.21	$4.41	(3)	$4.13	$3.85	$3.82	(3)
Aug. 5	4.29	3.95	4.33	(3)	3.98	3.63	3.70	(3)
Aug. 12	4.06	4.09	4.30	(3)	3.91	3.53	3.59	(3)
Aug. 19	3.93	4.01	4.16	(3)	3.81	3.28	3.43	(3)
Period of Government hog-purchasing program:								
Aug. 26	3.81	3.75	4.19	(3)	3.78	3.15	3.31	(3)
Sept. 2	3.82	3.83	4.03	(3)	3.59	3.08	3.26	$5.42
Sept. 9	3.86	3.78	4.13	$3.86	3.70	3.11	3.38	5.16
Sept. 16	4.06	3.76	4.30	4.01	3.84	3.28	3.54	5.12
Sept. 23	4.60	4.26	4.87	4.35	4.42	3.89	4.17	5.12
Sept. 30	4.35	4.48	4.90	4.66	4.47	3.79	4.08	5.16
Period subsequent to Government hog-purchasing program:								
Oct. 7	4.68	4.59	5.05	4.89	4.65	3.94	4.48	5.07
Oct. 14	4.75	4.47	4.89	4.77	4.55	3.89	4.30	5.29
Oct. 21	4.23	4.17	4.50	4.44	4.13	3.55	3.85	4.94
Oct. 28	4.25	3.80	4.25	4.33	3.98	3.68	3.86	4.55
Nov. 4	4.00	3.85	3.99	4.18	3.86	3.51	3.65	4.30
Nov. 11	4.30	4.06	4.13	4.25	3.94	3.76	3.84	4.31
Nov. 18	4.22	3.99	4.12	4.14	3.96	3.73	3.77	4.42
Nov. 25	3.85	3.64	3.86	4.07	3.76	3.56	3.52	4.11
Dec. 2	3.58	3.39	3.52	3.74	3.47	3.24	3.28	3.88
Dec. 9	3.37	3.08	3.36	3.37	3.13	2.95	3.01	3.68
Dec. 16	3.19	3.07	3.14	3.43	3.04	2.85	2.86	3.59
Dec. 23	3.18	3.00	3.13	3.43	2.99	2.82	2.79	3.72
Dec. 30	3.28	3.20	3.26	3.64	3.05	2.95	3.00	4.21
1934								
Jan. 6	3.38	3.45	3.40	3.54	3.16	3.07	3.07	3.97
Jan. 13	3.38	3.19	3.32	3.30	3.15	3.06	3.01	4.17
Jan. 20	3.38	3.26	3.33	3.36	3.24	3.07	3.02	4.35
Jan. 27	3.40	3.23	3.45	3.40	3.27	3.16	3.12	4.22
Feb. 3	3.70	3.18	3.49	3.44	3.33	3.22	3.31	4.19
Feb. 10	4.20	3.73	4.06	3.73	3.74	3.74	3.69	4.78
Feb. 17	4.50	4.15	4.33	4.37	4.20	4.24	4.09	--------

[1] Average cost of packer and shipper purchases, excluding pigs under 130 pounds, roughs, stags, boars, inferior throw-out sows, skips, "busts", cripples, and all swine apparently diseased if sold below the general range of packing-hog prices.
[2] Simple average of average prices of seven market classes of butcher, bacon, and shipper hogs.
[3] No market quotations available due to suspension of market news service of Bureau of Agricultural Economics as an economy measure.

PRINCIPAL FACTORS RESPONSIBLE FOR THE FLUCTUATIONS IN HOG PRICES FROM OCTOBER TO DECEMBER, INCLUSIVE

A review of developments in the hog market since early fall indicates that there were several important factors affecting prices during the period, some of which were abnormal and unprecedented. It is impossible, especially under these conditions, to segregate all of the various influences and determine their relative importance in quantitative terms. It is possible, however, by studying the movement of hog prices in relation to supplies, prices of hog products, and other factors for which data are available, to determine what appear to have been the dominating influences affecting the more important daily and weekly price fluctuations.

The resolution calls specifically for an explanation of "the sharp declines between October 18 and November 3; the advances for a short period and the further sharp declines the latter part of November and during December." Due to the fact that the price fluctuations during the period specified in the resolution were influenced

considerably by developments immediately prior to that period, the following description of the sequence of events in the hog markets begins at a somewhat earlier date. The levying of a processing tax on hogs during the period disrupted the normal relationships between hog prices and wholesale prices of hog products, thereby making it necessary to give special attention to the fluctuations in product prices in analyzing the changes in hog prices. The price quotations for hogs and hog products referred to in the following are largely confined to those at Chicago, since adequate data for such an appraisal are not available for other markets.

Hog prices and wholesale values of hog products (fresh basis) at Chicago, by days, from September 1933 to the second week of January 1934, with the spreads between such prices and weekly slaughter supplies, are shown in figure 1.[1] It will be observed on this chart that hog prices at Chicago advanced during the first 3 weeks of September, declined during the last week of the month, and then advanced again during early October, reaching approximately $5.50 per 100 pounds on October 9, which was about the highest price for that market since July 1932. On October 10 and 11, hog prices declined sharply from the peak level reached on October 9, and, after remaining about steady for 2 more days, they made another sharp decline on October 16 and 17. The downward trend continued from October 17 to November 2, but at a more gradual rate.

PRICE DECLINE FROM OCTOBER 9 TO 17

The decline from October 9 to 17 of about $1 per 100 pounds was not due to the supply situation. Market supplies of hogs during this period averaged not greatly different from those of the first week of the month, and in the latter part of the period they were decreasing. The decline was due in part to a decline in the wholesale price of hog products. Product values declined at a more gradual rate than those of live hogs, however, and packers' gross margins increased.

Although announcement of the processing tax on hogs, to become effective November 5, was not made until October 17, the trade apparently was anticipating the tax a few days prior to the announcement. Hog prices declined 22 cents between October 13 (Friday) and October 16 (Monday), then dropped 30 cents more on October 17, making a total decline of 52 cents. The wholesale value of hog products declined only 12 cents during this period, thus increasing processors' gross margins 40 cents per 100 pounds. The trade apparently was uncertain as to what the rate of the tax would be and as to how to appraise its probable effect. Consequently the first response of the market was a decline in prices, notwithstanding that slaughter supplies were relatively small.

PRICE DECLINE FROM OCTOBER 13 TO NOVEMBER 2

The announcement of the processing tax was made on October 17, which stated that a tax rate of 50 cents per 100 pounds live weight, would become effective on November 5, and that a tax on floor stocks

[1] The series of hog prices used in this chart is a different series from the one for Chicago shown in table 1, due to the necessity of using on the chart daily quotations of hog prices that are comparable with available quotations of wholesale prices of hog products used in the computation of the wholesale value of hog products obtained from 100 pounds of live hog which is also shown on the chart.

would be levied on that date at a rate equivalent to the tax rate on live hogs slaughtered. Farmers, as well as processors, apparently were uncertain as to the probable immediate effect of the tax on hog prices, and shipments to market were reduced materially during the 2 weeks beginning October 16. This curtailment in supplies resulted in a sharp rise in wholesale values of hog products. The rise in wholesale value of hog products obtained from 100 pounds of live hog from October 19 to 26 amounted to 59 cents. During this period, however, hog prices declined slightly and processors' gross margins continued to widen.

With the sharp increase in slaughter supplies during the week ended November 3, processors were unable to maintain the higher level of hog product values and such values declined sharply during the week. Another factor which probably contributed to the decline in product values was that packers apparently were moving an unusually large proportion of their floor stocks into consumption in order to escape the tax on these stocks. The decline in product values from October 27 to November 2 totaled 76 cents. This decline was accompanied by a decline in hog prices of 48 cents.

SUMMARY OF DEVELOPMENTS FROM OCTOBER 1 TO NOVEMBER 2

In reviewing developments during the month of October as a whole it may be observed in figure 1 that slaughter supplies were not greatly different from those of September. The normal tendency is for October slaughter to be considerably larger than that of September. The relatively small slaughter supply in October probably was due to the holding back of hogs on farms because of (1) the anticipation of a shortage of supplies later in the season because of the Government hog-buying program in August and September, (2) a relationship between hog prices and corn prices which was fairly favorable for feeding, and (3) uncertainties as to the effect of the tax on hog prices. The sharp decline in hog prices during the month occurred despite a relatively favorable slaughter supply situation. It may be observed by the bottom line on the chart that the processors' gross margin increased materially from October 9 to the end of the month. This increase in processors' margins evidently was due to an anticipation of the tax on storage holdings of pork and lard to be levied on November 5. It is significant to point out in this connection that a large part of the products that are reported at any one time as storage holdings actually represent products that are being processed or cured and which are not yet ready for movement into consumption. Thus, all packers have significant quantities of hog products on hand at any one time.

The abnormally large net out-of-storage movement of hog products was an important depressing influence on hog prices during October and the first few days of November. The out-of-storage movement during October was much larger than in October 1932 and also was far above the 5-year average for the month. Pork stocks were reduced 137,000,000 pounds or 22 percent during the month, and lard stocks were reduced 58,000,000 pounds or 30 percent. This net out-of-storage movement of pork and lard during October was equivalent to more than a million hogs. Although it cannot be determined definitely, it is quite probable that the movement of storage stocks

during the first few days of November before the floor tax went into effect also was abnormally large.

In view of the developments in the hog and pork trade during October and early November as described above, it seems reasonable to assume that the decline in hog prices during the period was due largely to efforts on the part of processors to make adjustments in the relationship between hog prices and product values in anticipation of the increase cost of their operations as a result of the impending tax on floor stocks which was levied on November 5. The decline in prices of hogs and hog products during the week ended November 3, however, was also due in part to an increase of 14 percent in slaughter supplies during that week over those of the preceding week.

PRICE ADVANCE FROM NOVEMBER 6 TO NOVEMBER 9

On November 6, the first business day that the tax was in effect, the wholesale value of the products in Chicago advanced 59 cents, and hog prices advanced 16 cents. During the next 3 days, product values advanced 19 cents more and hog prices rose 17 cents. This rise in prices apparently represented an attempt on the part of processors to pass the tax on to retailers, and it was aided by a reduction in market receipts of hogs during the week. Inspected slaughter was about 10 percent smaller than that of the preceding week.

PRICE DECLINE FROM NOVEMBER 9 TO DECEMBER 19

During the 2 weeks beginning November 13 slaughter supplies increased greatly, and as a result, the rise in product values could not be maintained. The decline in the wholesale value of products from November 9 to 23 amounted to $1.22. Hog prices also declined during this period, but at a more gradual rate than the price decline of hog products.[2] This resulted in a decrease in processors' gross margins, after adjusting for the tax, to a level about the same as that which prevailed in September and early October. During the last few days of the month, slaughter supplies decreased, but there was little change in hog prices.

Developments from November 6 to the end of the month indicate rather clearly that the decline in hog prices during the period was due largely to the supply situation. Inspected hog slaughter during the entire month of November was 47 percent above that in October, which was the largest increase on record. It was indicated earlier that hog slaughter in October was unusually small as compared with the preceding month. In November the situation was reversed. The unusual distribution of slaughter during the 2 months was due to several factors. Many producers who withheld hogs from market in October in anticipation of higher prices apparently rushed their hogs to market during November when prices failed to strengthen. Corn prices advanced during the month, thus resulting in a relationship between hog prices and corn prices unfavorable for feeding. This also encouraged the marketing of hogs. Slaughter supplies usually

[2] The Chicago live-hog market was temporarily disturbed between Nov. 8 and 17, due to the failure of buyers and sellers to reach an agreement on prices, and few sales were made during that period. The accumulation of hogs at the market was reduced by purchases for Government account on Nov. 11 and 14 at prices above those offered by slaughterers. The prices shown for this period, therefore, are higher than those actually paid by slaughterers and slightly higher in relation to other markets than during the periods immediately before and after.

increase materially from October 1 to the end of the year, but this year the distribution of this increased movement has been very abnormal.

Another price depressing factor during November, but of lesser importance, was the usual seasonal reduction in the demand for pork as a result of the holiday trade in poultry and special products. This influence becomes evident every year during the latter half of November and it continues to be a factor in the market until after the first of the year.

When the processing tax was increased from 50 cents to $1 per 100 pounds, live weight, on December 1, hog product values continued unchanged but hog prices declined 23 cents on the 1st day of the month and 13 cents in the 2 days following, making a total decline of 36 cents immediately after an increase of 50 cents in the tax. Inspected slaughter decreased during the first week of December but it was at a higher level during the 2 following weeks, and during the latter period, hog prices declined to the lowest point of the winter. The low point was reached on December 19.

RECENT AND PROSPECTIVE DEVELOPMENTS IN THE HOG AND PORK MARKETS

Since December 19 hog prices and product values have advanced materially, with most of the advance occurring since late January. Prices during January were somewhat higher than those of mid-December despite unusually large slaughter supplies. Inspected slaughter during January was 19 percent larger than during December and was the second largest for the month since 1925. The higher level of prices during January was due largely to a somewhat stronger consumer demand for meats and the relatively large purchases of hogs for the account of the Government for relief purposes. Purchases for Government account during January amounted to 428,024 head, or about 8 percent of the total inspected slaughter.

Hog prices at Chicago advanced about $1.35 per 100 pounds from January 25 to February 8, even though the processing tax was increased from $1 to $1.50 per 100 pounds on February 1. The rise in prices at Chicago during this period was somewhat greater than that at other midwestern markets since purchases for Government account represented a larger proportion of total receipts at Chicago than at other markets. The sharp price advance was a result of the increase in purchases for Government account at the principal markets and a material reduction in slaughter supplies. Hog marketings during the week ended February 9 were less than half as large as those of the preceding week. Although this reduction was due in part to a tendency for producers to rush their hogs to market before the processing tax was increased, it also apparently marked the beginning of a period of materially reduced supplies brought about by the emergency hog purchasing program of last August and September. Wholesale prices of hog products advanced only slightly during the week ended February 2, but a sharp rise got under way the following week. The wholesale value of edible products obtained from 100 pounds of live hog advanced about $1.50 from January 25 to February 13.

Purchases of hogs for the Government were reduced materially during the week ended February 16 and hog prices fluctuated within a relatively narrow range with most changes representing adjustments of prices to more normal differentials between markets. Supplies continued relatively small during the week.

The Government hog-purchasing program of last August and September, which is being financed, along with the more permanent production-control program, by the funds derived from the processing tax discussed above, probably will continue to be reflected in materially smaller slaughter supplies between now and the end of April. It is estimated that of the 6,200,000 pigs purchased during the campaign, about 5,000,000 of them would normally have entered inspected slaughter channels. It is further estimated that this reduction in market supplies, together with the purchases of hogs and pork for relief purposes and other features of the corn-hog program probably will result in an average price of hogs for the period from November 1933 to May 1934 about as high as or slightly higher than the average would have been without the tax and other features of the program. It is also estimated that the total market returns from hogs marketed during the period, when combined with the market returns from the pigs sold to the Government last summer and the savings in feed costs made possible by not feeding such pigs to normal marketable weights, will be greater than the total returns from hogs marketed during the period would have been without the program. These estimates do not include the benefit payments that are to be made, beginning this spring, to producers signing 1934 corn-hog reduction contracts.

REPORT ON THE EMERGENCY PIG AND SOW MARKETING PROGRAM

CONDUCTED BY THE AGRICULTURAL ADJUSTMENT ADMINISTRATION, AUGUST 23 TO OCTOBER 7, 1933

I. Genesis of the Plan

A plan to buy up unfinished pigs and sows soon to farrow, at market premiums, as a means of effecting a prompt emergency adjustment in hog numbers, was originally proposed at meetings of corn and hog producer representatives in several of the Middle Western States during June and July 1933. Suggestions along this line were made because of the prospect for unusually heavy marketing of hogs during the fall and winter of 1933–34 and the indicated heavier farrowings in the fall of 1933, despite comparatively unfavorable demand conditions.

Hog farrowings in the spring of 1933 had been 4 percent larger than in 1932 for the Corn Belt States. According to the June 1 pig survey, 13 percent more sows were bred to farrow in the fall of 1933 than in 1932. Yet foreign trade in hog products still was at a low level on account of trade restrictions. Domestic pay rolls and consumptive requirements for hog products would not support relatively better hog prices as long as the supply available to the domestic market remained heavy.

Although a purchasing program of this sort had never been tried in this country, a number of producer representatives felt that the facts in the corn-hog supply-demand situation justified the attempt, since it would make the quickest possible practical adjustment. It also was pointed out that pig-buying programs had been successfully carried out in several of the European countries in recent years, particularly in the Netherlands and Denmark.

An emergency marketing program was discussed further at Des Moines, Iowa, on July 18, at a meeting of corn-hog producer representatives elected from conferences on the corn and hog problem in 10 principal States (Ohio, Indiana, Illinois, Wisconsin, Minnesota, South Dakota, Iowa, Nebraska, Missouri, and Kansas). Although the State corn-hog representatives at Des Moines did not specifically mention the plan to purchase pigs and sows in their resolutions, they stated:

> In view of the present unfavorable ratio existing between the prices of corn and hogs, we urge that the Department of Agriculture immediately use every possible means to raise the prices of the present crop of hogs to a parity level.
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> * * * * * * *
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> We favor doing everything possible to increase consumption at home and abroad, and in addition, we favor such reduction in production as may be necessary to maintain parity prices.

The Des Moines meeting was attended by representatives of the Agricultural Adjustment Administration and the discussion was noted.

At a subsequent meeting of the National Corn-Hog Producer Committee of Twenty-Five (elected from the Des Moines Conference on July 18) with representatives of the packing industry in Chicago on July 20, the desirability of conducting an emergency buying plan again was referred to, but not specifically mentioned in the resolutions.

Shortly after the meeting at Chicago, Agricultural Adjustment Administration officials began an economic study of the probable effect of a pig and sow purchase program with respect to the current and immediate future hog supply-and-demand situation. From August 7 through August 9 the special committee of the National Corn-Hog Producers' Committee of Twenty-Five (Roswell Garst, chairman of the Iowa Corn-Hog Committee, Coon Rapids, Iowa; Edward A. O'Neal, president of the American Farm Bureau Federation, Chicago, Ill.; Earl C. Smith, president of the Illinois Agricultural Association, Chicago, Ill.; Clifford V. Gregory, editor of Prairie Farmer, Chicago, Ill.; and Ralph Moyer, secretary of the Iowa Corn-Hog Committee, Fairfield, Iowa) and the special executive committee of the Institute of American Meat Packers (Thomas. E. Wilson, president, Wilson & Co., Chicago, Ill.; W. Whitfield Woods, director of the Institute of American Meat Packers, Chicago, Ill.; John W. Rath, Rath Packing Co., Waterloo, Iowa; and George A. Schmidt, Stahl-Meyer Co., Inc., New York, N.Y.) conferred with administration officials on the ways and means of putting an emergency program into operation.

In general the groups favored the purchase of several million pigs weighing less than 100 pounds and around 1,000,000 sows due to farrow in the fall months. The packer representatives indicated that they would be willing to process and otherwise handle the animals under contract to the account of the Secretary of Agriculture. Some difficulty was encountered in tentatively arranging for suitable disposal of the products from the slaughter. At this time, some hope was entertained that sufficient export trade with Russia might be arranged as to result in an outlet for several hundred million pounds of American hog products. No definite possibilities along this line, however, were disclosed upon inquiry through governmental and private foreign-trade authorities.

As an alternative, it was temporarily suggested that all products from the slaughter might be tanked. It was the judgment of those at the meetings, however, that public opinion would be hostile to any such scheme of disposal, however practical it might appear from the standpoint of keeping processing costs at a minimum and permitting the maximum effect in the long run on supplies in both competitive and noncompetitive market channels.

It also was suggested that the edible portions of the carcasses might be converted into low-value products, such as sausage, and sold through regular trade channels. It was finally decided that distribution of the edible products to needy families through the Federal Emergency Relief Administration, and conversion of the remainder into inedible products to be stored and sold for the account of the Secretary was the most feasible scheme of utilization.

ALTERNATIVE CONSIDERED

A plan to reduce hog tonnage by placing a graduated processing tax on heavy hogs to encourage marketing at lighter weights was considered along with the purchase plan but was rejected because of several indicated disadvantages. It was agreed that a discriminatory tax against heavy weights would cause the marketing of hogs at earlier than usual dates, but that this would tend further to increase marketings during the late autumn period, when supplies ordinarily are comparatively heavy and a seasonal price decline occurs. A graduated tax plan also would tend to discriminate against hog raisers in the western Corn Belt, who habitually market hogs at weights averaging heavier than those marketed by farmers in the eastern Corn Belt. In order to escape the graduated tax, western Corn Belt farmers would be obliged to make a larger reduction in the average weight of their hogs, and to that extent would be making a larger reduction in their hog tonnage. It was the opinion also that the reduction in number of hogs sold above the minimum taxable weight under such a plan would be offset by the heavier feeding of hogs in areas where the animals ordinarily would be marketed comparatively light.

GENERAL HEARING AUGUST 10

In order to give representatives of interested groups an opportunity to present their suggestions and recommendations as to policy and procedure with respect to the proposed plan of buying pigs and sows at market premiums, the Administration on August 2 issued a call for a preliminary conference of representatives of producers, livestock-marketing agencies, processors, wholesale and retail meat dealers, and others at the Willard Hotel, Washington, Thursday, August 10. The meeting was attended by—

H. L. Pike, United States Live Stock Association, Whiting, Iowa.
O. O. Wolf, Kansas State Farm Bureau, Ottawa, Kans.
Roswell Garst, chairman Iowa corn-hog committee, Coon Rapids, Iowa.
W. P. Dolan, secretary St. Paul Live Stock Exchange, South St. Paul, Minn.
George G. Seaman, Taylorville, Ill.
W. E. Grimes, Kansas State College, Manhattan, Kans.
John B. Gage, United States Live Stock Association, Kansas City, Mo.
Andrew D. Majors, president United States Live Stock Association, Omaha, Nebr.
Charles Strevel, president Cincinnati Live Stock Exchange, Cincinnati, Ohio.
Milo Reno, president Farmers National Holiday Association, Des Moines, Iowa.
N. E. Buck, National Commission Association, Cincinnati, Ohio.
Charles H. Haren, president Kansas City Live Stock Exchange, Kansas City, Mo.
S. S. McCloskey, the National Grange, Washington, D.C.
E. E. Kennedy, secretary Farmers Educational and Cooperative Union of America, Kankakee, Ill.
A. Ballestier, Jr., secretary National Sausage Casing Dealers Association, New York, N.Y.
F. B. Edmands, vice president Cincinnati Union Stock Yard Co., Cincinnati, Ohio.
Lewis P. East, Pittsburgh Joint Stock Yards Co., Pittsburgh, Pa.
O. K. Quivey, general agricultural agent, Baltimore & Ohio Railroad, Baltimore, Md.
Frank E. Scott, Sioux City Live Stock Exchange, Sioux City, Iowa.
A. H. Baker, president National Livestock Exchange, South St. Joseph, Mo.

Frank R. Supplee, National Live Stock Exchange, Chicago, Ill.
H. H. Roberts, president Omaha Live Stock Exchange, Omaha, Nebr.
Dan Hildebrand, Nebraska Live Stock Feeders Association, Seward, Nebr.
Howard C. Greer, Institute of American Meat Packers, Chicago, Ill.
A. Sykes, Corn Belt Meat Producers, Ida Grove, Iowa.
Earl C. Smith, National Corn-Hog Producers Committee, Chicago, Ill.
C. A. Ewing, National Live Stock Producers Association, Chicago, Ill.
F. G. Ketner, National Live Stock Producers Association, Columbus, Ohio.
John W. Fitzjarrell, United States Live Stock Association, Greenfield, Ill.
Edward A. O'Neal, American Farm Bureau Federation, Chicago, Ill.
J. H. Mercer, Kansas Live Stock Association, Topeka, Kans.
Thomas E. Wilson, Wilson & Co., Chicago, Ill.
E. W. Sheets, Division of Animal Husbandry, United States Department of Agriculture.
Howard D. Dazier, Department of Agriculture, Silver Spring, Md.
Ralph Moyer, National Corn-Hog Producers' Committee, Fairfield, Iowa.
L. W. Kube, Stock Yards Co., South St. Paul, Minn.
David Van Gelder, National Association of Retail Meat Dealers, Washington, D.C.
C. V. Whalin, Bureau of Agricultural Economics, United States Department of Agriculture.
J. J. Deady, Armour & Co., Washington, D.C.
F. R. Baird, Institute of American Meat Packers, Chicago, Ill.
John J. Caine, 3d, International Live Stock Exposition, Chicago, Ill.
George R. Collett, American Stock Yards Association, Kansas City, Mo.
Charles E. Hearst, Iowa Farm Bureau Federation, Des Moines, Iowa.
C. H. Schultz, president Chicago Live Stock Exchange, Chicago, Ill.
W. J. Dearth, Omaha Live Stock Exchange, Omaha, Nebr.
C. C. Crandall, St. Paul Cooperative Livestock Committee, South St. Paul, Minn.
Charles S. Rauh, American Stock Yards Association, Indianapolis, Ind.

At this meeting, Earl C. Smith, chairman of the National Corn-Hog Producers Committee, read a report for the committee, the main part of which is as follows:

In the brief time in which the committee has had an opportunity to look into the problems presented by the commodities of corn and hogs and their unquestioned relationship and to offer recommendations as to the initial steps that should be taken to raise the price level of the respective commodities to a pre-war parity basis, we reached the conclusion that the problem must necessarily be met by addressing our thoughts to, first, an emergency program to be followed immediately by a possibly more permanent and effective method. We are therefore largely confining recommendations at this time to the emergency phases of the problem—primarily recommendations to raise the price of hogs at the earliest possible time. We find very definite and substantial increases in the production of hogs, both as to number and tonnage, taking place, while at the same time a substantial decrease in normal outlets, both in the export and domestic markets, obtain. If such a condition is to be met, it necessarily calls for what ordinarily might be termed drastic measures.

To be more specific, economists of the department advised that the increase in pigs farrowed, and to be farrowed, during 1933 will be approximately 7 percent greater than the farrowings of 1932. In terms of tonnage, this increase would amount to approximately 700,000,000 pounds of live weight pork. We are also informed that the decrease to normal exports amounts to approximately 500,000,000 pounds. Taken together, this presents a problem of removing at the earliest possible time and in the most economical way, approximately 1,200,000,000 pounds of pork production. In addition, some further reduction appears to be essential if we are to have a substantial raise in the price of hogs. The enormous increase in production, coupled with a decrease in normal market channels, has resulted in holding the price of hogs to approximately 50 percent of the pre-war parity price level.

To meet this situation, we recommend the removal from the domestic market of 500,000,000 pounds of pork and pork products between now and January 1, 1934, and a total of 2,000,000,000 pounds during the coming marketing year by any one, or a combination of the following methods:

(*a*) Encouraging the marketing of 4,000,000 pigs from 25 to 100 pounds average weight between August 15 and October 1, according to the following price schedule:

	Hundredweight
25 to 40 pounds	$9. 00
41 to 50 pounds	8. 50
51 to 60 pounds	8. 00
61 to 70 pounds	7. 50
71 to 80 pounds	7. 00
81 to 90 pounds	6. 50
91 to 100 pounds	6. 00

(*b*) Inducing the immediate marketing of 1,000,000 sows above 275 pounds in weight, soon to farrow, by offering a premium of $4 per head, plus the removal of the usual dockage.

It is proposed to dispose of the resulting meat and meat products from the best of these animals by the sale on a moderate basis to relief agencies, under definite agreements that their normal purchases of meat will not be reduced. The balance of the lower grades of meat, resulting from this type of marketing, should be condemned, tanked, and such salvage realized therefrom as would be possible without serious inconvenience or injury to the usual demand for this type of product. To make this program effective, we recommend that a very substantial or restrictive processing tax be placed upon all hogs above 235 pounds, live weight, other than packing sows, at the earliest practicable date.

It is further proposed that the revenue necessary to make prompt payment to farmers for their marketings of this class of animals, according to the suggested price schedules, be provided by a processing tax on all hogs marketed in the usual way during the next 12-month period. It is believed the net effect of these recommendations, if and when approved and put into operation, will remove from the market approximately 2,000,000,000 pounds of live-weight pork during the next 12-month period. This should result in a very substantial improvement in the price of hogs over and above the present price levels, plus any necessary processing taxes that it may be necessary to levy according to the recommendations submitted herewith.

In addition, this program will provide very substantial and necessary cash for the present owners of millions of pigs and brood sows, who are in distressed areas where drought and insect pests have destroyed necessary feed, thus giving to the farmers engaged actively in the hog producing and feeding industry very substantial benefits. In making these recommendations, the committee is fully aware of its temporary character; and they are being made only to meet the present emergency. They will be followed, not later than October 1, by recommendations of a much more permanent and, we believe, effective character with the one purpose in mind of getting corn and hogs into a parity price relationship, and keeping them on such a basis.

HEARING FAVORS EMERGENCY PROGRAM

A motion was made and seconded to the effect that the conference go on record as favoring the formulation of an emergency program at the earliest possible moment. The motion carried with no votes in opposition. Speakers representing a number of farm organizations also requested prompt action.

Administration officials immediately began detailed consideration of suggestions and recommendations which had been made by producers, packers, and other interested parties as evidence of the need for the buying program.

An economic appraisal of a combined pig and sow buying plan as had been suggested was made by economic advisers to the corn-hog section. This appraisal pointed out the following:

An immediate need from the standpoint of national recovery is to increase farm purchasing power as well as to increase pay rolls generally. Higher hog prices would add materially to farmers' buying power. The purchase of light pigs and sows at a price well above the prevailing market will add to the farmers' income during the next 6 weeks.

The corn crop has been reduced by nearly two thirds in Oklahoma, 45 percent in South Dakota, 43 percent in Illinois, 34 percent in Indiana, 32 percent in Missouri, 26 percent in Ohio, and 20 percent in Iowa under the 1932 figures, according to the August 1 official crop report. The production of all other feed grains, forage, and pasture also has been sharply reduced.

Although this sharp reduction from last year is partially offset by larger reserves of corn on farms than a year ago, there doubtless will be considerable liquidation of unfinished hogs and sows this fall. Small pigs are already being shipped out of South Dakota and Oklahoma because of the shortage of feed. The high price proposed in this emergency plan for both pigs and sows will be of great assistance to those farmers in distressed areas; furthermore, Government purchase and disposition of these pigs will prevent them from going into feed lots where corn supplies are more plentiful.

The diversion of this quantity of hog products, 4,000,000 pigs and 1,000,000 brood sows, into nonedible uses and for relief purposes in noncompeting channels of consumption actually removes between 600,000,000 and 700,000,000 pounds of hogs, live weight, from fall and winter supplies. Furthermore, the 4,000,000 pigs will weigh about 500,000,000 pounds less than if they were marketed at weights that might be expected in a year of short feed crops. If the plan actually succeeds in taking 400,000 brood sows out that might otherwise have farrowed this fall, the marketings next spring and summer will be reduced by perhaps 500,000,000 more pounds. The total reduction in tonnage for the 1933–34 marketing season, as a result of this emergency program, is estimated to be between 1,400,000,000 to 1,800,000,000 pounds of hogs, live weight, or between 12 and 16 percent.

This reduction can be expected to increase hog prices for the season by 25 to 35 percent, possibly 40 percent, above what they otherwise would be without the plan.

It should be recognized that this is only an emergency and temporary program; if repeated in the future, it would be much less effective than when first tried.

Unless this program to reduce hog tonnage during the 1933–34 season is followed immediately by a definite program that calls for a substantial reduction in corn acreage and production in 1934, as well as a material decrease in sows farrowing in the spring of 1934, the after-effects of this temporary program will be disastrous to hog prices during the 1934–35 season and thereafter. This artificial increase of hog prices, unless accompanied by a substantial advance in corn prices, is likely to result in a hog-corn ratio favorable to the maintenance or an expansion in the 1934 spring pig crop. The long-time aspects of the program cannot be overlooked during the period when a short-time program is being put into operation.

Copies of the economic appraisal and a proposed emergency marketing plan outlined by the corn-hog section of the Adjustment Administration were discussed with producer representatives, packer representatives, and Administration officials. Briefly, the plan as finally developed provided for the purchase, for the account of the Secretary, of (1) a maximum of 1,000,000 sows due to farrow in the fall of 1933 at the market price for packing sows on the full weight of the animal on the day marketed, plus a cash bonus of $4 per head regardless of point of origin and place of purchase, and (2) a maximum of 4,000,000 pigs and light-weight hogs weighing from 25 to 100 pounds at premium prices established by the Administration.

The outline indicated that the purchases were to be made by processors authorized under contract, and in accordance with usual buying customs, under Federal inspection. The plan specified that sows, insofar as practicable, were to be converted into edible products. Carcasses from pigs over 80 pounds in weight also were to be processed into edible products. Pigs weighing 80 pounds or less were to be processed into the inedible products, grease and fertilizer tankage.

It had been pointed out that processing of pigs weighing less than 80 pounds into edible products was impracticable because of the comparatively high-processing cost per unit of cured product. Packing-

house equipment, particularly dehairing machinery, is designed for larger and heavier animals and does not work efficiently on small carcasses. Processor representatives stated that supplemental hand-labor operations, required for satisfactory processing of light pigs into edible products, would bring the total cost of the products well above the cost of purchasing their equivalent in cured pork from packers.

It also had been pointed out that the time required for processing pigs under 80 pounds into edible products even if considered practicable would tend seriously to retard the marketing program. This was a consideration of some importance because it seemed certain that as soon as buying started, owners of light hogs would sell as rapidly as possible, thus tending to crowd processing establishments to capacity.

When the proposed program had been modified to the necessary extent after discussion with producer and packer representatives, the meat processing and corn-hog production sections, in collaboration with the legal division and other sections of the Administration, prepared a complete draft of the plan and the administrative set-up, obtained the approval of the Secretary of Agriculture, and made arrangements for disposal of the edible products through the Federal Relief Administration.

Data were presented to the Secretary, with the recommendation that this program, since it conformed to the declared policy of Congress as set forth in section 8, part 1, of the Agricultural Adjustment Act, be authorized at this earliest convenience. It was pointed out that the primary objective of the program was a reduction in the potential marketing of hogs during the coming year, as the initial step in establishing and maintaining such balance between the production and consumption of hog products, and such marketing conditions therefor, as would help restore the purchasing power of hogs to its pre-war (1909–14) relationship with the prices of things farmers buy.

The Secretary approved the plan and in a public address at Chicago on August 18 announced that it would be put into operation on August 23. The Secretary on August 18 also signed a proclamation announcing his intention to make benefit payments to hog producers who took part in the emergency program for adjustment of hog production.

On August 22, administration officials announced the details of the marketing program and stated that it would go into operation the following day at six middle western livestock markets: St. Paul, Minn.; Sioux City, Iowa; St. Joseph and Kansas City, Mo.; Omaha, Nebr.; and Chicago. It was announced that emergency buying also would be inaugurated at other terminal and interior livestock markets on or before Monday, August 28, and that operations would continue until the maximum of 4,000,000 pigs between 25 and 100 pounds in weight had been purchased, and 1,000,000 sows weighing not less than 275 pounds, and soon to farrow, had been purchased, or until the emergency marketing period expired on October 1.

SCHEDULE OF PRICES

The emergency price schedule, as announced, provided that from 6 to 9½ cents per pound would be paid for pigs, depending on their weight, at the base processing point (Chicago) by the processors

under contract. The schedule of prices for the pigs, Chicago basis, was as follows:

	Price per 100 pounds
25 to 30 pounds	$9. 50
31 to 35 pounds	9. 25
36 to 40 pounds	9. 00
41 to 45 pounds	8. 75
46 to 50 pounds	8. 50
51 to 55 pounds	8. 25
56 to 60 pounds	8. 00
61 to 65 pounds	7. 75
66 to 70 pounds	7. 50
71 to 75 pounds	7. 25
76 to 80 pounds	7. 00
81 to 85 pounds	6. 75
86 to 90 pounds	6. 50
91 to 95 pounds	6. 25
96 to 100 pounds	6. 00

Pigs were to be purchased under this schedule on basis of average weight per lot with a minimum individual weight of 25 pounds, maximum individual weight of 100 pounds, and maximum range of weight of 30 pounds on individual pigs in each lot. It was specified that premium prices would be paid only for healthy pigs, showing no bad deformities at the time of delivery. Pigs of inferior growth, usually mast-fed, and commonly referred to as "range pigs", "razorbacks", and "oilies", were to be paid for at a discount of $3 per hundredweight at any market.

MARKET DIFFERENTIALS

Premium prices to be paid by processors under contract at other markets than Chicago were determined by a market differential schedule prepared by the corn-hog section as follows:

	Differential per hundredweight
Chicago	Base.
Oklahoma and Texas	−$0. 60
Interior points in Iowa and Minnesota	−. 40
Interior points in North Dakota, South Dakota, Nebraska, Kansas, and west Missouri	−. 50
St. Paul, Sioux City, Sioux Falls, Omaha, Nebraska City, St. Joseph, Kansas City, and other points on the Missouri River	−. 40
Interior points in Illinois and Wisconsin	−. 20
Indiana, Kentucky, and Tennessee	−. 10
Milwaukee, St. Louis, and National Stock Yards, Illinois	−. 10
Michigan and Ohio	Base.
All Rocky Mountain and Pacific Coast States	−. 60
All points east of Ohio and north of Virginia	+. 25
Georgia and Florida [1]	−1. 00
North Carolina, South Carolina, Virginia, Alabama, Mississippi, and Louisiana [1]	−. 50

The actual prices received by an individual farmer, therefore, depended upon the location of the processing point to which he shipped, with respect to Chicago, and also upon the expenses, such as local transportation and commission charges of livestock buyers and marketing agencies, which were deducted as part of the cost of delivering the pigs to the processor.

The amount paid by the authorized processor for sows, which qualified under Bureau of Animal Industry inspection as being unmistak-

[1] This schedule applied to pigs originating in this area wherever marketed.

ably near farrowing, was the market price of the day for packing sows on the full weight of the sows marketed (the usual dockage of 40 pounds was not permitted in this case), plus a cash bonus of $4 per head. With sows, as with pigs, the actual return received by the individual farmer depended upon the location of his local market with respect to Chicago and upon the several expenses involved in delivering sows to the processing point, but in this case the normal and current differential in prices between the local market and Chicago applied instead of a fixed differential determined by the Administration. The bonus of $4 per head was paid at all points and was not affected by the differentials.

The market premiums were arrived at largely by common judgment as to the figure which would be equitable and sufficient to induce the specified maximum numbers of animals. In general, the market premiums for the pigs were set at a level which would give producers about as much return, less cost of the feed, as probably would be obtained from feeding and marketing the hog at the usual finished weight. The margin in favor of feeding out the pig was slight. The bonus on the sows was set at $4 per head, after conferences with producer and processor representatives. Processor representatives felt that a premium of $5 or more might result in the offering of such a large number of sows as to overtax processing facilities and to result in a relative scarcity of hogs in 1934. The prospective saving in feed costs, as a consequence of the sale of sows and pigs, constituted a considerable item in drought areas.

The buying program did not affect methods of marketing. As usual, the seller had the option of dealing with any person or firm whom he chose and of selling either direct or through terminal markets.

TEXT OF PROCESSING AGREEMENT

In order to carry out the provisions of the emergency hog marketing program with respect to purchasing and processing, an agreement was entered into by the Secretary and processors owning and operating federally inspected processing plants. This agreement form was completed and approved on August 19. Copies then were forwarded to the Institute of American Meat Packers, the national trade association of meat processors, which had agreed to arrange for acceptance and signature of the agreement form by those processors desiring to cooperate in the program. After these agreements were signed by the processors, they were returned to the Secretary for his acceptance. A copy of this agreement follows:

This agreement, entered into this 22d day of August A.D., 1933, between Henry A. Wallace, Secretary of Agriculture of the United States (hereinafter called the "Secretary"), and such persons, firms, and corporations engaged regularly in and having facilities for the slaughter and processing of hogs, under Bureau of Animal Industry Inspection, who execute this agreement (hereinafter called the "processor").

Witnesseth:

Whereas by means of the Agricultural Adjustment Act, approved May 12, 1933, as amended, it is the declared policy of Congress to (*a*) establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor as will establish prices to the farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period defined in said act.

(*b*) Approach such equality of purchasing power by gradual correction of the present inequalities and in as rapid a rate as possible in view of the current consumptive demand in domestic and foreign markets; and

(*c*) Protect the consumer's interest by retaining the production of such agricultural commodities at such level as will not increase the percentage of the consumer's retail cost for such agricultural commodities or products derived therefrom which was returned to the farmer above the percentage which was returned to the farmer in the pre-war period of August 1909–July 1914.

Whereas it is the opinion of the Secretary that the present supply of hogs exceeds the number than can be consumed in the existing markets without making impossible the attainment of the aims and purposes of such act, and

Whereas the Secretary has determined that in order to accomplish the declared objects and purposes of the said act it is necessary to bring about a reduction in the production for market of hogs and to provide for benefit payments in connection therewith, and

Whereas the Secretary has determined that the efficient and economical way to reduce such production of hogs for market and to make said benefit payments is to cause certain types and/or grades of said hogs to be purchased from the producers, slaughtered and processed in such a way as to remove them from ordinary channels and distribution and consumption, and thereby to avoid during such period depressing the price that farmers will receive for hogs marketed in the usual and customary methods of marketing, and

Whereas the Secretary has requested the processor executing this contract to purchase a portion of said surplus hogs for him and to slaughter and process the same and make disposition of the products thereof for the account of the Secretary as hereinafter provided.

Now, therefore, for the purpose of effectuating the declared policy of said act, in consideration of the mutual promises herein contained, and for the sum of $1 in hand paid to the processor, receipt of which is hereby acknowledged by the processor, it is agreed by and between the Secretary and each processor executing this agreement, as follows:

1. The Secretary hereby authorizes and requests the processor to purchase for the account of and on behalf of the Secretary, in the open market, either by buying direct or buying at terminal markets, such portion of 4,000,000 spring pigs as may be allocated to the processor as hereinafter provided. All of such pigs shall be under 100 pounds in weight and shall be purchased at prices specified in schedule A hereto attached and by this reference made a part hereof.

2. The Secretary hereby authorizes and requests the processor to purchase for the account of and on behalf of the Secretary, in the open market, either by buying direct or buying at terminal markets, such portion of 1,000,000 sows due to farrow in the fall of 1933 as may be allocated to the processor, as hereinafter provided. All of such sows shall be of a minimum weight of 275 pounds and shall be purchased at the regular market prices at place of marketing without dockage plus $4 per head.

3. The processor is to purchase the aforesaid spring pigs and sows allocated to it during the period extending from August 23, 1933, to October 1, 1933. The Secretary, however, reserves the right to notify the processor at any time prior to October 1, 1933, to discontinue any further purchases of such spring pigs or sows. The Secretary further reserves the right to notify the processor from time to time of any change in the prices set forth in either schedule A or in paragraph 2, which changed prices are to be applicable to any subsequent purchases.

4. Federal inspectors shall make an ante-mortem examination of the spring pigs with respect to their weights, and of the sows with respect to their weights and pregnancy, before any such spring pigs or sows are purchased for the account of the Secretary.

5. The processor hereby agrees to submit to the Secretary or his nominee an estimate of a maximum total number of pigs and sows which such processor, in accordance with the provisions hereinafter provided, can process during the period of August 23, 1933, to October 1, 1933, and the maximum number it can process in any 1 day during such period.

6. The Secretary shall, through the Institute of American Meat Packers, an Illinois corporation, being the national trade association of the processors, allocate to the processor the maximum number of pigs and sows to be purchased by the processor during the period from August 23, 1933, to October 1, 1933, such allocation to be based upon the processor's estimate provided for in paragraph (5) hereof. Such allocation may be changed from time to time. The processor agrees to abide by such allocation and further agrees to purchase its allocable

share in accordance with the terms of this agreement from day to day as the pigs and sows are offered in the usual channel, subject to tolerances which may be allowed by the Secretary or his duly authorized agent or agents. The obligations of the processor hereunder shall be subject to floods, fires, strikes, lockouts, and acts of God, and any cause whatsoever beyond the control of processor.

7. The processor agrees that it will purchase and pay for the aforesaid spring pigs and sows on the usual cash basis.

8. The processor may, each day, present to the Federal Reserve bank of the district in which the processor is located, an itemized statement of the spring pigs and sows which the processor purchased for the account of the Secretary during the preceding day. Such itemized statement should include with respect to the purchase from each seller—

(*a*) The number of such pigs and sows purchased during each preceding day,

(*b*) Average weights of the pigs and sows thus purchased,

(*c*) The prices paid for the same by the processors, and

(*d*) The written approval of a designated inspector of the Bureau of Animal Industry.

The processor shall be reimbursed for the moneys paid by it in the purchase of the pigs and sows, for the account of the Secretary, upon the presentation of the itemized statements.

9. The processor agrees to process and handle (in a workmanlike manner in accordance with the customary practices of the industry for such processing and handling) for the account of the Secretary, the pigs and sows purchased as aforesaid, as directed from time to time by the Secretary or his nominee. There is attached hereto marked schedule B and by this reference made a part hereof, schedule of the respective costs of various types of processing and handling which the Secretary may direct from time to time with respect to the pigs and sows purchased for his account.

10. The processor shall attach to the itemized statement, provided for in paragraph 8 hereof, a bill for the cost of processing the pigs and sows covered by the itemized statement. The processor shall be reimbursed, on the basis of the terms contained in schedule B upon presentation of such bill.

11. Each processor agrees to hold in storage or dispose for the account of the Secretary and/or his assignee the products derived from the aforesaid processing, pursuant to the direction of the Secretary. Such direction of the Secretary for sale or other disposition shall be addressed to the Institute of American Meat Packers at Chicago, and all sales or other dispositions of property held for the Secretary shall be cleared through the Institute of American Meat Packers. Whenever any disposition is made of such products by the processor, pursuant to direction of the Secretary, the processor shall submit to the Secretary a statement covering such disposition. The processor agrees that in connection with any such disposition, the gross proceeds derived therefrom, shall be paid directly to the Secretary. The processor shall on the first of each month present to the Secretary or his nominee a statement covering the expenses incurred by the processor for any operations which have occurred, in connection with the storing or disposition of the products, in accordance with schedule B. Upon the approval of the Secretary or his nominee of such statement, the processor shall be reimbursed for the same, and such reimbursement shall be made by the 15th of the month in which the statement is presented.

12. The Secretary shall have the right to name any person or corporation to act as his agent in connection with any of the provisions contained herein to be performed by the Secretary.

In witness whereof, the parties hereto set their hands and seals as of the date above indicated.

The Administration officials availed themselves of the opportunity to work with the contracting processors through the Institute of American Meat Packers, as this greatly simplified establishing relationships with those who wished to take part in the program, and helped expedite the allocation of supplies of hogs among various processors when such steps were necessary to ensure reasonably even distribution of hogs and prevention of marketing gluts.

The meat processing section and the corn-hog production section also established representatives in the Chicago office of the Agricultural Adjustment Administration to help regulate the flow of pigs and

sows to market, and to act as a clearing house for any difficulties encountered by farmers making sale, by marketing agencies and by processors.

It was anticipated by the Administration some time before the marketing got under way that much difficulty might be encountered in regulating the shipment of pigs and sows to market. As much as time permitted, therefore, preliminary arrangements were made with the livestock exchanges and processors at various markets to establish a system of issuing permits to shippers.

Since only six markets were in position to start buying on the opening day, August 23, the Administration sought to prevent a concentration of initial shipments to these markets by urging through public announcement that farmers who did not normally market their hogs at these six points should withhold shipment until their own markets did open. It was pointed out that higher transportation costs were involved where pigs and sows had to be transported to markets beyond the usual sales points.

II. Buying of Live Animals

The emergency buying of pigs and sows began as scheduled on August 23. Relatively moderate total receipts of about 30,000 head were noted the first day. By the second day, however, the six markets where buying had already begun were in receipt of extraordinarily large shipments of pigs totaling more than 100,000 head. By August 25, the continued extraordinarily heavy receipts of pigs weighing less than 80 pounds which exceeded the capacities of authorized processors caused the Administration to order that premiums would not be paid at those markets for pigs shipped after that date (Aug. 25) until Tuesday, August 29.

It was announced that after midnight August 29 groups of pigs or individual pigs which averaged less than 80 pounds in weight would be purchased at premium prices at the six principal markets (St. Paul, Sioux City, St. Joseph, Omaha, Kansas City, and Chicago) only in stated numbers and from shippers or farmers who had previously obtained permission to sell and ship.

Farmers and local shippers with pigs to sell were urged to contact their nearest authorized processing points through county extension agents, local livestock buyers, or other properly informed persons, before loading out the animals—thus to avoid possible loss by death and shrinkage, in case they encountered marketing gluts and confusion. Persons who shipped the pigs had to stand any loss or expense which occurred before the animals were bought and taken into the processing plant by the authorized packers.

It was also stated on August 25 that henceforth the permission to ship properly qualified pigs to any authorized market would have to be obtained from various designated commission agencies at authorized processing points or from authorized processors or from these parties through livestock shippers, county agents, and other properly qualified persons.

Representatives of the authorized processors at each public market were named for the purpose of directing marketing permits. Under this arrangement the processor representative, each day thereafter, notified each commission agency on the market how many pigs under

80 pounds could be purchased from the agency at premium prices. The commission firm then notified its patronizing shippers and farmers. At processing points where there were no marketing agencies or public markets the authorized processor dealt directly with shippers and farmers. It was necessary that the issuance of permits be coordinated with the slaughter and processing capacity of the various plants. Each processor was operating under an agreed daily quota for purchasing and processing pigs and sows.

In order to alleviate the distressed conditions at the several markets where marketing gluts had occurred, the Secretary, on August 25, prepared a supplemental agreement under which the cooperating processors could transfer and/or transport pigs and/or sows from one terminal market to another upon authorization in writing by the Secretary or his nominee. The processor was to be reimbursed for all actual expenses incurred in effecting such transfer and/or transportation. Under this supplemental agreement, excess pigs were shipped from St. Paul to Chicago and from Kansas City to Nebraska City.

By August 28, processors at Omaha and Chicago had disposed of the heavy shipments already in the stockyards and were ready to resume emergency buying and slaughtering. The other four original markets, St. Joseph, Sioux City, Kansas City, and St. Paul, resumed the purchasing of pigs under the modified permit system on September 1.

ADDITIONAL PROCESSING POINTS

Purchasing and processing arrangements at markets other than the original six terminal points were begun as follows:

August 24—Mitchell, S.Dak.; Ottumwa, Iowa; Sioux Falls, S.Dak.; Topeka, Kans.; Mason City, Iowa.

August 25—Albert Lea, Austin, and Winona, Minn.; Cedar Rapids, Des Moines, Dubuque, and Waterloo, Iowa; East St. Louis, Peoria, and National Stock Yards, Ill.; St. Louis, Mo.; Oklahoma City, Okla.; Dallas, Fort Worth, and Houston, Tex.; Dayton and Zanesville, Ohio; Lafayette and Fort Wayne, Ind.; Louisville, Ky.; Newark, N.J.; Arkansas City and Wichita, Kans.; Erie, Pa.; Detroit, Mich.; Atlanta and Augusta, Ga.; Nebraska City, Nebr.; Fargo, N.Dak.; Huron, S.Dak.; Denver, Colo.; Nashville, Tenn.

August 26—Seattle, Wash.; Buffalo, N.Y.; Anaheim, Calif.; Chattanooga, Tenn.; Baltimore, Md.; Pueblo, Colo.; Birmingham, Ala.; Cleveland, Ohio; Henderson, Ky.; Moultrie, Ga.; Indianapolis, Ind.; Pittsburgh, Pa.; San Antonio, Tex.

August 28—Jersey City, N.J.; Spokane, Wash.; Cincinnati, Ohio; Eau Claire, Wis.

August 29—Phoenix, Ariz.; Grand Forks, N.Dak.; Lewiston, Idaho; Anderson, and Terre Haute, Ind.; Leavenworth, Kans.; Jacksonville, Fla.; Kingston, N.Y.; Salt Lake City, Utah; San Diego, Calif.; Wheeling, W.Va.

September 6—San Francisco, Calif.; Yakima, Wash.; Madison, Wis.

September 7—North Portland, Oreg.; Evansville, Ind.

Although hog producers were accommodated as much as possible in all parts of the country, the purchasing was limited to plants operating under Federal inspection. Thus, both ante-mortem and post-mortem inspection by Bureau of Animal Industry employees assured the Secretary that the animals purchased and slaughtered for his account were properly qualified and that all operations were carried out in the manner called for. Out of consideration for the efforts of Southern States to develop greater self-sufficiency with respect to production of hogs for home consumption, the corn-hog section at the

inauguration of the campaign asked the judgment of directors of extension and others as to desirability of authorizing processors to purchase in their territory. It developed that the producers desired the opportunity to sell so it seemed inadvisable to limit the scope of the program to any section.

The permit system as originally developed was effective in regulating receipts at the different markets but a new difficulty arose when some of the livestock dealers began appropriating permits for a number of pigs in excess of the number they actually had available for sale. The object of such appropriation was speculation at the expense of the farmer. Since only a limited number of permits would be issued, it appeared that this practice if continued would prohibit a number of bona fide farmers from obtaining permits themselves, and hence they might be forced to sell on discriminatory terms to dealers who had accumulated a large number of permits in advance.

More than 3 weeks before the emergency program was put into operation, the corn-hog section anticipated that speculators probably would be active, particularly in the drought areas where farmers were almost forced to sell unfinished pigs. It was recognized that speculators, having knowledge that an emergency program was being considered and possibly would be put into operation, would attempt to buy up large numbers of light pigs, at the comparatively low prevailing market prices, before farmers had obtained sufficient information on the emergency proposal to cause them to await further developments.

With this possibility in mind, the administration as early as August 1 issued a public press release stating that recommendations for a plan, involving payment of premium prices at livestock markets, to encourage the marketing of pigs had been received by the administration and were under consideration. A particular paragraph was inserted to indicate the importance of the proposal to farmers in drought areas. This paragraph read as follows:

> The possibility that young pigs may be purchased, on an equitable price basis, as part of the program to effect an emergency adjustment in hog production this fall is of special interest to agricultural areas, particularly the western Corn Belt territory where the harvest of feed grains, including corn, will be below normal on account of dry weather. Farmers who are obliged to reduce the size of their feeding herd because of short feed supplies would qualify under a pig purchase plan, if and when it is put into effect.

On August 10 and 17 the Administration again issued statements reminding farmers who were contemplating immediate sale of pigs weighing less than 100 pounds or sows soon to farrow weighing less than 275 pounds that an emergency pig and sow purchasing plan might be put into effect shortly at livestock markets. It was pointed out that these classes of animals would qualify for the special market premiums which would be offered if, and when, an emergency plan was put into effect.

Because of the pressure of circumstances at the time the program was first put into operation, it was physically impossible for the administration to check on the origin of all pigs coming to market. However, the administration endeavored to crimp the operations of buyers who obviously had accumulated pigs for speculative purposes by issuing the following order by telegram on August 21, as part of general instructions prior to beginning of actual buying operations:

> * * * Hogs intended to come under the benefit payments must be sold directly to the processor or his agent. Hogs owned, consigned, or planted by registered market yard traders or speculators are not eligible to benefit payments. Name and address of owner of hogs declared eligible to benefit payment must be furnished processor. * * *

The operations of market traders also were affected by the Administration's ruling, declaring them ineligible for market premiums on pigs shipped from one market to another to avoid risk and inconvenience when gluts threatened to develop. Authorized processors were not permitted to pay premium prices for pigs which had been transferred from other stockyards, except as authorized by the Secretary.

With a view to bringing the issuance of permits under more satisfactory control, a special meeting of Administration officials, producer representatives, packer representatives, and livestock exchange representatives was called at the offices of the Illinois Agricultural Association at Chicago on August 30. The need for more specific rulings was particularly urgent, since large shipments of pigs were beginning to arrive at some markets without any kind of permit and arbitrary settlements, depending on circumstances, were having to be made.

As a result of the meeting at Chicago it was ruled, in the interest of actual hog producers who had pigs and sows to sell, that the following supplementary regulations should apply henceforth, as specified:

1. Beginning Tuesday morning, September 5, no pigs will be purchased for the account of the Secretary of Agriculture unless permission has been granted authorizing the shipment.
2. Permits already issued, but not in writing, will be honored at processing points under this ruling up to and including September 6. But new permits, issued on or after Tuesday morning, September 5, must be granted by letter or telegram to the permit applicant prior to the shipment of pigs and after Wednesday, September 6, no pigs will be purchased for the account of the Secretary unless actually accompanied by letter or telegram constituting a permit to ship pigs. Therefore farmers who obtained shipping permits, not in writing, prior to Tuesday, September 5, and who will not deliver pigs to the processing point until after Wednesday, September 6, must have these permits verified by letter or telegram before shipping.
3. Permits must be secured from authorized processors through commission firms operating at authorized processing points or directly from authorized packers in cases where pigs will be shipped directly to authorized packers. However, pigs may be handled for individual farmers by cooperative shipping associations or by country buyers, providing the farmer supplies with the pigs a letter or telegram constituting the permit authorizing the shipment. Cooperative shipping associations or country buyers also may act on behalf of the original owners in securing permits but the permits must be granted in the name of the original owners.
4. Permits obtained, beginning Tuesday, September 5, through commission firms or authorized packers are to be evidenced by letter or telegram to the original owner.
5. Beginning immediately, no permits are to be issued by commission firms or by authorized packers to anyone other than the original owner of the pigs. In no case are permits to be issued to any one owner for more than 200 head.
6. No permits are required to accompany pregnant sows.

7. The minimum weight of sows qualified to be purchased for the account of the Secretary is lowered from 275 to 240 pounds. This ruling is to go into effect immediately.

8. It has been definitely decided not to make any adjustments in the bonus payment of $4 per head on qualified sows.

The weight of sows was lowered in an effort to encourage larger sales of these animals, thus to help assure that the objective of substantially reducing future hog marketings would be reached. By the end of the second week of the program it had become apparent that the total number of sows sold probably would fall considerably short of the original objective of 1,000,000 head. Several reasons were advanced for this probability. It was one opinion that the bonus of $4 a head was not large enough. The Administration was urged to raise this bonus figure, but out of consideration for those who had already sold their animals and because the Administration felt that the figure was fairly equitable as it stood, no adjustment was authorized. It was another opinion that farmers were holding back sows in expectation that sale of the pigs alone would improve hog prices in the future sufficiently to result in considerable increase in the return from fall pigs raised from the sows on hand due to farrow.

After issuance of the more specific directions regulating shipping permits, pig permit committees of from 3 to 5 men at the various markets took appropriate steps to obtain observance. At practically all of the individual processing plants and at most of the smaller markets, the requests for permits were approved in the order received. In Kansas City and St. Louis, each commission firm was granted a quota of permits equivalent to each firm's portion of the total hog business done at the market in 1932. However, a uniform minimum of 50 pigs per day per firm was allowed at St. Louis and 100 pigs per day per firm at Kansas City. Requests for permits at Omaha, Sioux City, and St. Paul were approved in the order received.

At Chicago, requests under the new ruling were submitted to the new permit committee until September 7. On that day it became apparent that while some firms had not secured approval on any of their permits, practically the entire quota allocated to Chicago processors by the committee for the Institute of American Meat Packers had already been exhausted. It was decided, therefore, in fairness to all firms and their customers, to cancel all outstanding permits and require the issuance of new ones, based on the percentage of total hog receipts handled for a representative period by each firm.

Prof. R. C. Ashby of the University of Illinois was secured to compute the percentage of the total receipts handled by the different agencies operating on the Chicago market and to administer the issuance of quotas to these organizations on the basis of past receipt handlings. Professor Ashby computed quotas for the Chicago Producers' Commission Co., the Farmers Union Co., and the Chicago Livestock Exchange, based on the percentage of hog receipts handled by each firm on the Chicago market for the 18 months' period ending July 1, 1933. The quota system developed by Professor Ashby was made retroactive to September 6, the first day pig shipments were required to be accompanied by permits issued through the original owners.

After the buying was well under way, the rate of purchase of the pigs was around 200,000 head daily. At one time, some markets

were receiving more than double their usual receipts of hogs. Because of the extraordinary number of requests for shipping permits on a number of pigs in excess of the allotments originally granted on the basis of a maximum purchase of 4,000,000 head for the period, and because the sow sales were lagging behind the expected daily total, additional allocations for pig purchases were requested by various packing companies. In view of these facts, and because the anticipated revenue from processing taxes would permit the purchase of additional pigs to offset the comparatively small number of sow purchases, the Secretary prepared a supplemental agreement under which processors asking for additional allocations could be accommodated. In accordance with the terms of the supplemental agreement additional allocation grants totaling approximately 2,140,000 head were made on September 8, 11, 15, 16, 18, 23, 26, 27, 28, 29, and 30. Requests for additional allocations were handled by the Administration through the Institute of American Meat Packers.

The Administration took steps to insure preference to farmers in drought areas. Farmers in these places had suffered particular hardship because of scarcity of feed and faced danger of starvation of their animals, or the alternative to feeding of high-priced feed or sale of pigs at low prices. For example, South Dakota, one of the hardest hit drought States, ranked second in pig shipments although it ranks ninth in hog production. Other drought-ridden States also took heavy advantage of the Government's offer. It was ruled, therefore, that special consideration should be given to pigs arriving from sections where feed shortage necessitated the sale.

This information was given wide publicity among producers in the drought areas. The following telegram was sent on September 16 by the corn-hog section to local permit committeemen at Kansas City, Omaha, Chicago, Sioux City, Oklahoma City, Fort Worth, Wichita, Topeka, and St. Paul:

> Reason for extending pig quotas is to take care of farmers in drought areas and of original owners who have been unable to secure permits. It has come to our attention that in many cases preference is being shown to buyers and speculators. In issuing permits against the increased quotas, may I urge you to give special consideration to original owners in drought areas who make requests direct rather than through dealers. Special consideration also should be given to pool shipments by farmers. If you do not personally issue permits will you bring this message to the attention of the permit committee at your market.

PURCHASING CLOSED ON SEPTEMBER 29

The purchasing of pigs and sows at market premiums for the account of the Secretary was terminated at the close of trading at all points excepting one on September 29. After that date, pigs and sows were sold for the regular market price for swine of similar lot and grade. The Mission Provision Co. at San Antonio, Tex., was permitted to process 4,000 pigs after the termination date. This plant had begun operations late and inasmuch as the surrounding farming area had sustained considerable damage to crops because of drought and storms the concession of extended operation was granted.

One of the principal difficulties encountered all through the program was the problem of dealers buying pigs from farmers at prices that represented an unreasonable margin of profit for handling. This difficulty was anticipated at the inauguration of the program, but it was decided that inasmuch as time was considerably limited and did

not permit development of an adequate alternate system, farmers as a group probably could most economically dispose of small lots of pigs through country dealers. The administration, therefore, permitted the payment of market premiums to country dealers who apparently were not engaged in speculative activity.

The administration endeavored thoroughly to publicize by various means the facts concerning the emergency program in order that farmers might be discouraged from accepting bids from dealers that permitted the latter to collect more than a reasonable handling charge. Information was disseminated thoroughly through official releases to the press, radio talks, and announcements by administration officials, pamphlets and circulars distributed among farmers through county agricultural extension offices and livestock exchange firms, direct communications with agricultural extension workers who in turn advised large numbers of farmers.

The difficulty with unscrupulous country dealers was minimized to scattered individual instances shortly after the buying started by the order which required that permits to be shipped be obtained only by or through the original owner.

Out of consideration, however, for producers who possibly had been mistreated and for the declared policy of the Agricultural Adjustment Act, which is primarily that of promoting the general welfare by benefiting bona fide farmers, the corn-hog section, on September 12, requested that officials of the United States Department of Agriculture be immediately assigned to investigation of the alleged conspiracy activities which had tended or were tending to defeat the purposes of the program. Such an investigation has been conducted as rapidly as possible with a limited personnel. One investigation with respect to the sale of pigs at the St. Paul market has been completed and evidence in support of charges of conspiracy was submitted the Federal grand jury at Aberdeen, S.Dak. Subsequently indictments were returned against the following persons: J. H. Bennett, J. Frank King, Sidney Johnston, Milton Schlesinger, and B. B. McIntyre (all of whom were involved in pig-buying operations in South Dakota). Other cases are being investigated, and where the facts warrant, have been or will be presented to the Department of Justice for action.

A total of 139 packing plants, located at 80 processing points throughout the United States, entered into agreements with the Secretary of Agriculture to purchase, process, and otherwise handle pigs and sows under the program. The authorized processing establishments and their location were as follows:

Albert Lea, Minn.: Wilson & Co.
Anaheim, Calif.: Southern Meat Co.
Anderson, Ind.: Hughes-Curry Packing Co.
Arkansas City, Kans.: Keefe Le Stourgeon Co.
Atlanta, Ga.: White Provision Co.
Augusta, Ga.: Georgia-Carolina Packing Co.
Austin, Minn.: Geo. A. Hormel & Co.
Baltimore, Md.: Corkran Hill & Co., Greenwald, Inc., Kaufman Packing Co., Kriel, C. G. Co., Inc., Schluderberg-Kurdle Co.
Birmingham, Ala.: Birmingham Packing Co.
Buffalo, N.Y.: Danahy Packing Co., Jacob Dold Packing Co., Hygrade Food Products Corporation, Sahlen Packing Co.
Cedar Rapids, Iowa: T. M. Sinclair Co.
Chattanooga, Tenn.: Allison, J. H. & Co.
Chicago, Ill.: Agar Packing & Provision Co., Armour & Co., P. Brennan Packing Co., Guggenheim Bros., G. H. Hammond Co., Hygrade Food Products

Corp. Illinois Meat Co., Miller & Hart, Inc., Roberts & Cake, Swift & Co., Wilson & Co., Wimp Packing Co.

Cincinnati, Ohio: E. Kahn Sons Co., R. H. Meyer Packing Co.

Cleveland, Ohio: Swift & Co., Theurer-Norton Provision Co.

Cudahy, Wis.: Cudahy Bros. Co.

Dallas, Tex.: Armstrong Packing Co.

Dayton, Ohio: H. Burkhardt Packing Co.

Denver, Colo.: Armour & Co., Mayflower Packing Co., Swift & Co.

Des Moines, Iowa: Iowa Packing Co.

Detroit, Mich.: Detroit Packing Co., Hammond, Standish & Co., Hygrade Food Products Corporation.

Dubuque, Iowa: Dubuque Packing Co.

East St. Louis, Ill.: J. H. Belz Provision Co., Armour & Co., Hunter Packing Co., Swift & Co.

Eau Claire, Wis.: Drummond Packing Co.

Erie, Pa.: Schaffner Bros. Co.

Evansville, Ind.: Evansville Packing Co.

Fargo, N.Dak.: Armour & Co.

Fort Wayne, Ind.: Kuhmer Packing Co.

Fort Worth, Tex.: Armour & Co., Swift & Co.

Grand Forks, N.Dak.: Northern Packing Co.

Henderson, Ky.: Eckert Packing Co.

Huron, S.Dak.: Armour & Co.

Houston, Tex.: Houston Packing Co.

Indianapolis, Ind.: Armour & Co., Kingan & Co.

Jacksonville, Fla: Farris & Co.

Jersey City, N.J.: Armour & Co., Swift & Co.

Kansas City, Kans.: Armour & Co., Swift & Co., Fowler Packing Co., Wilson & Co., Cudahy Packing Co., Geo. Kaiser Packing Co.

Kingston, N.Y.: Forst Packing Co.

Lafayette, Ind.: Dryfus Packing Co.

Leavenworth, Kans.: Leavenworth Packing Co.

Lewiston, Idaho: Bristol Packing Co.

Los Angeles, Calif.: Cudahy Packing Co., Wilson & Co.

Louisville, Ky.: Emmart Packing Co., Louisville Provision Co., C. F. Vissman & Co.

Madison, Wis.: Oscar Mayer & Co., Pearl Packing Co.

Mason City, Iowa: J. E. Decker & Sons.

Milwaukee, Wis.: Plankington Packing Co.

Mitchell, S.Dak.: Mitchell Abattoir.

Moultrie, Ga.: Swift & Co.

Nashville, Tenn.: Neuhoff Packing Co.

Nebraska City, Nebr.: Morton Gregson Co.

Newark, N.J.: John Engelhorn & Sons, A. Fink & Sons, Van Wagennen & Schickhaus.

Oklahoma City, Okla.: Armour & Co., Wilson & Co.

Omaha, Nebr.: Armour & Co., Cudahy Packing Co., Dold Packing Co., Swift & Co.

Ottumwa, Iowa: Morrell & Co.

Peoria, Ill.: Wilson Provision Co.

Phoenix, Ariz.: Tovrea Packing Co.

Pittsburgh, Pa.: William Zoller Co., Pittsburgh Provision Co.

Portland, Oreg.: Swift & Co.

Pueblo, Colo.: Nuckolls Packing Co.

Richmond, Va.: Kingan & Co.

San Francisco, Calif.: Virden Packing Co., Swift & Co.

St. Joseph, Mo.: Armour & Co., Swift & Co.

St. Louis, Mo.: Heil Packing Co., Krey Packing Co., LaClede Packing Co., Sartorius Provision Co., St. Louis Independent Co.

St. Paul, Minn.: Armour & Co., Cudahy Packing Co., J. T. McMillan, United Packing Co., Swift & Co.

Salt Lake City, Utah: Cudahy Packing Co.

San Antonio, Tex.: Mission Provision Co.

Seattle, Wash.: Frye & Co.

San Diego, Calif.: Cudahy Packing Co.

Sioux City, Iowa: Armour & Co., Cudahy Packing Co., Swift & Co.

Sioux Falls, S.Dak.: Morrell & Co.

Spokane, Wash.: Armour & Co.

Terra Haute, Ind.: Home Packing Co.

Topeka, Kans.: Kaw Packing Co., Morrell & Co.
Waterloo, Iowa: Rath Packing Co.
Watertown, S.Dak.: Swift & Co.
Wheeling, W.Va.: Hygrade Food Products Corporation.
Wichita, Kans.: Jacob Dold Packing Co.
Winona, Minn.: Interstate Packing Co.
Yakima, Wash.: Gibson Packing Co.
Zanesville, Ohio: Zanesville Provision Co.

III. Slaughtering and Processing

Under the terms of the agreement with the Secretary of Agriculture, processors converted all pigs weighing 81 to 100 pounds into edible products to the maximum extent. All sows which were verified by Bureau of Animal Industry inspectors as being plainly pregnant and weighing over 275 pounds (later 240 pounds) also were slaughtered for conversion into edible products, except when condemned upon post-mortem examination by inspectors. Pigs weighing 80 pounds or less, were rendered without dehairing or opening, into edible products.

The charges allowed packers for processing and handling pigs and sows were specified under schedule B of the agreement with the Secretary. These figures were computed primarily on the basis of anticipated out-of-pocket costs for labor and materials, following conferences between Administration officials and representatives of the processors. The allowable charges were as follows:

	Unit charge (cents per hundred weight)	Basis
I. Processing sows:		
1. Tanking with hair on:		
Buying, driving, killing	15	Alive.
Rendering to grease and fertilizer tankage, tankage to be pressed but not dried.	25	Do.
Plus actual cost of tankage disposal.		
2. Dehairing and tankage:		
Buying, driving, killing, and partial dehairing	15	Do.
Rendering into grease and dried digester tankage	30	Do.
Plus actual cost of tankage disposal if not sold.		
3. Butchering and cutting into rough sides:		
Buying, driving, killing, dressing, and cutting into rough sides	30	Do.
Less credit for lard, edible offal, and all byproducts resulting from killing operations to be retained by processor.	35	Do.
Net credit from butchering	5	Do.
4. Curing:		
Dry salt curing in plant (loose)	65	Of products.
Commercial rates, now approximately 75 cents per hundredweight of product, plus transportation and handling expense, if necessary to have curing done outside plant.		
II. Processing pigs:		
1. Tanking with hair on:		
Buying, driving, killing	30	Alive.
Rendering into grease and fertilizer tankage, tankage to be pressed but not dried.	40	Do.
Plus actual cost of tankage disposal.		
2. Butchering and cutting into rough sides (to apply to 80–100-pound pigs only):		
Buying, driving, killing, dressing, and cutting into rough sides	60	Do.
Less credit for lard, edible offal, and all byproducts resulting from killing operations to be retained by processor.	15	Do.
Net charge for butchering	45	Do.
3. Curing:		
Dry salt curing in plant (loose)	65	Of products.
Commercial rates, now approximately 75 cents per hundredweight of products, plus transportation and handling expense, if necessary to have curing done outside plant.		

	Unit charge (cents per hundredweight)	Basis
III. Storage, handling, etc.:		
1. Storing grease in containers:		
Labor, putting grease in tierces or drums	10	Of grease.
Plus actual cost of tierces, drums, or other containers, ready for filling.		
No charge for filling labor if grease is stored in storage tanks or tank cars.		
2. Storage charges:		
Grease (in tierces, drums, or storage tanks)	10	Per month.
Grease (in tank cars); actual cost, now approximately 7 cents per hundredweight per month, plus demurrage, switching, and other railroad charges.		
Tankage: Actual cost; commercial rates if stored outside plant.		
Meats, dry salted: Commercial rates, now approximately 12½ cents per hundredweight per month, plus small overhauling charge.		
Meats, frozen: Commercial rates, now approximately 25 cents per hundredweight for first month, plus 15 cents per hundredweight per month for following months.		
Storage charges on grease tankage, and frozen meats shall apply immediately from and after date of production; storage charges on dry salt meats shall apply after 20 days from date curing operation is begun.		
3. Selling expenses:		
Grease: Broker's actual commission charge, now 5 cents per hundredweight.		
Meats, dry salt: Broker's actual commission charge, now 1 percent of sales price, with minimum of 7½ cents per hundredweight and maximum of 12½ cents per hundredweight.		
4. Handling, delivery, etc.: The processor shall be reimbursed for all labor and other actual expenses incurred in handling, transferring, and transporting products for storage or other disposition, and also for labor of packing and shipping, containers, shipping material, trucking, freight, and delivery expenses at actual cost.		

It will be noted that packers were permitted to retain lard and offal and all byproducts resulting from killing operations for crediting the Secretary at the rate of 35 cents per hundredweight alive in the case of sows, and at the rate of 15 cents per hundredweight alive in the case of pigs. A supplemental agreement, prepared by the Secretary on August 25, also provided that the processor would be reimbursed for labor and other actual expenses incurred in handling, transferring, and transporting products for storage or other disposition, and also for labor of packing and shipping containers, shipping material, trucking, freight, and delivery expenses at actual cost.

The Bureau of Animal Industry of the United States Department of Agriculture provided for the ante-mortem and post-mortem inspection services all through the program. All sows eligible for a bonus were sorted out by the inspectors before passing over the scales at the processing plant, marked for identification and placed in pens separate from the other hogs. The marked sows later were assembled for weighing and then slaughtered before or after the regular kill. A post-mortem inspection was conducted as for other animals slaughtered for food purposes in the plant. The heads, feet, and killing fats from the carcasses of the sows which passed post-mortem examination were tanked for lard, except that heads and feet, at the option of the plant, could be tanked in "inedible tanks." The carcasses were split in the usual manner and marked for identification. The stamped sides were kept together on separate rails in the cooler until they could be transferred to the curing cellars. The sides were cured in piles separate from other meat.

All pigs weighing 81 to 100 pounds also were sorted out before passing over the scales, marked for identification, slaughtered, in-

spected, dressed, sides branded, and cured, and otherwise handled as specified for the sows. In cases where certain pigs or sows were purchased for edible processing, but were subsequently condemned upon post-mortem examination, the carcasses were retained by the processor and no processing charge was allowed by the Secretary.

All dead animals in shipments and all pigs weighing 100 pounds or less, showing a decidedly runty condition, or a disease, which would require their condemnation on ante-mortem inspection, also pigs weighing under 25 pounds, were not included among the animals for which a premium price was paid. Inspectors were instructed to be reasonably liberal in the examination to determine whether the live sows were pregnant, hence eligible for the bonus, as such animals were to be submitted to the regular post-mortem as well as ante-mortem examination.

The Bureau of Animal Industry inspectors were required to approve scale tickets and keep accurate records of ante-mortem inspection, post-mortem inspection, tanking, and processing. Inspectors were required to certify statements submitted by the packer before the packer could receive remuneration from the Government.

The products resulting from the slaughter of the pigs and sows were divided roughly into three classifications:

(*a*) Cured edible products.
(*b*) Inedible grease.
(*c*) Fertilizer tankage.

A total of approximately 1,163,537 heavy pigs totaling an approximate aggregate of 93,739,000 pounds, live weight, and costing alive an approximate total of $5,888,000 were processed into edible products.[3] Approximately 5,025,672 light pigs weighing an aggregate of about 270,683,000 pounds and costing alive $21,369,000 were processed into the inedible products of grease and tankage. Approximately 222,240 head of sows, totaling about 79,132,000 pounds and costing alive $3,343,000 were processed into edible products.

The grand total live weight of pigs and sows purchased was 443,554,000 pounds and total dollars paid for the animals alive was approximately $30,600,000. The average weight of the light pigs was 54 pounds per head. The average weight of the heavy pigs was approximately 81 pounds per head. The average total sum per head paid by processors for the light pigs was about $4.25. The average total sum per head paid by packers for heavy pigs was $5.06 and for sows was $15.

The total live weight of pigs and sows processed for edible use amounted to approximately 172,871,000 pounds and yielded a final total of approximately 97,531,000 pounds of meat. The original weight of the dry salt meat produced was about 100,145,000 pounds, but the usual shrinkage in cure amounted to 2,614,000 pounds.

The carcass sides (with heads off) known as "Wiltshires", were given the dry salt cure. A nitrite cure was also applied in connection with the dry salt to maintain the coloring of the flesh.

Only heavy pigs above 80 pounds were slaughtered for edible purposes until near the end of the slaughtering period. When it appeared feasible because of the smoother operations in the processing plants and because of the need which the Relief Administration had for the maximum of product, pigs weighing 71 to 80 pounds, as well as those

[3] All figures given herein are subject to revision. They are based on the latest available information but the final report of the audit section of the Administration is not completed. Final figures, however, will not differ greatly from those presented herein.

heavier, were slaughtered for edible purposes. An agreement permitting this lower minimum was effected by the Secretary with processors on and after September 22.

Pigs weighing 80 pounds or less were not utilized for edible purposes because (1) small carcasses could not be adequately and satisfactorily handled by packing-house machinery involved in the initial processing operations, particularly the dehairing machines; (2) complete utilization of all pigs for edible purposes, irrespective of the cost involved, would have considerably delayed the program.

Light pigs, therefore, were utilized for production of inedible products, fertilizer tankage, and grease, of which the inedible grease was the more valuable. The commercial quotation on inedible grease at the time the emergency program was started was approximately $2.78 to $3 per hundredweight. The commercial quotation for fertilizer tankage of grade similar to that produced from the pig slaughter, was approximately $1 per hundredweight. The average yield of inedible grease per light pig was about 3 to 5 pounds per animal, depending on weight. Tankage yield, dry basis, was approximately 5 pounds per animal.

There was no production of digester tankage, the type fed to hogs. Its production from the light pigs would have involved expense in excess of its actual market value because some manual labor would have been required for removal of hair not taken off by the packing house dehairing machines. Federal regulations require that digester tankage be free from hair.

The maximum yield of fertilizer tankage from the slaughter on the dry basis, probably would have been between 20 and 25 million pounds, but after operations began it appeared that not all of the material should be saved because of the comparatively high cost of processing with respect to ultimate sale value and because of lack of adequate storage facilities at the principal processing points. After a study of the situation, Administration officials decided to dispose of a large part of the product as it came from the rendering vat, and before extra expense had been incurred for drying and storing.

In a letter of instructions dated September 13, processors under contract were authorized and directed to dispose of tankage as follows:

> In consideration of the fact that the market value of dried fertilizer tankage does not offset the cost of processing, it is to be understood that no tankage shall be saved or stored for the account of the Secretary. Instead, tankage is to be disposed of in the most economical and practicable manner, at actual cost of disposal.

Again, on September 27, a letter of instruction authorized and directed the following, with regard to tankage disposal:

> 1. Should there be available any outlet for undried tankage at a price which partially or wholly offsets or exceeds the cost of removal and destruction, such outlet should be taken advantage of, and the Government reimbursed with the net proceeds.
>
> 2. Should there not be any outlet as described in paragraph no. 1, processors may dispose of this tankage free of charge, in order to avoid other disposal charges.
>
> 3. If undried tankage cannot be disposed of in either of the above-mentioned manners, and it is necessary to dry the tankage for disposal, this dried tankage (including tankage processed by dry melter process) shall be disposed of in the same manner as specified in paragraph no. 1 or no. 2.

On September 28, paragraph 3, of the letter of instructions dated September 27, was amended by wire to specify that dried tankage in stock or that might be produced, should not be sold or disposed of, except upon approval by the Secretary or his nominees, it being understood that tankage should not be dried except when there was no other practicable means of disposal.

Depending upon their own situation, the processors who handled light pigs used various methods of disposing of the tankage. In all cases, it was required that the carcasses be completely rendered, in order that the maximum yield of grease should be obtained. After the grease was drained off, the residue was given to farmers who came to the processing plant; hauled away and dumped in places where such dumping was permissible; burned, buried, or consumed at public incinerators. In the processing of the light pigs for inedible products, the packers were reimbursed only for the cash paid for the live hogs and the initial processing charges for buying, driving, or killing, rendering into grease and fertilizer tankage, plus actual cost of tankage disposal.

Methods of disposal adopted by the processors at various points aroused criticism, especially in instances where the product was dumped at places that eventually became offensive in odor to people living nearby. Handling the tankage in a practical manner proved difficult in some cases. The Administration was fully aware of the criticism which was certain to come if immediate disposal was permitted, but, on the other hand, it had to consider the practical facts that processing plants at the principal points did not have adequate facilities for completing the tankage, manufacturing, operating, processing, and placing in storage the large amount of available product, and that in view of the estimated low return value eventually from the finished product, a completion of the processing seemed uneconomical.

As with the cotton plow-up campaign, the immediate cost of disposal had to be compared with the eventual larger return that would be obtained as a result of the emergency adjustment. It also was kept in mind that the supply of hog products, even after substantial adjustment, would be adequate for the normal requirements of the population and profitable export trade.

A total of about 5,043 tons or about one fourth of the total yield of fertilizer tankage was dried and saved by authorized processors. This quantity was placed in storage until sale and distribution was arranged by the Administration (as hereinafter described). Incomplete audit of the emergency program accounts do not show the amount of money which was paid for the live pigs, the inedible products of which were disposed of, or the cost of initial processing involved, but by charging to tankage about one third of the cost of initial processing (representative of the value ratio between tankage and grease), and including the disposal charges along with the live cost of about three fifths of the live pigs, it appears that approximately $500,000 or slightly more than 1 percent of total cost of the program could be chargeable for initial processing and disposal of tankage and that the total sum paid for the live pigs was in the neighborhood of $12,000,000. About 95 percent of the amount expended for light pigs used for inedible purposes went to sellers of these pigs.

The slaughter and tanking of the light pigs produced a total of 20,868,355 pounds of inedible grease, suitable for technical purposes. At the authorization and direction of the Secretary, processors were permitted to store grease in permanent storage tanks, at the point of

processing; to ship the grease in tank cars to permanent storage tanks at the nearest point, to store in privately owned or leased tank cars, at points where track space was available, not subject to demurrage.

Packers were allowed to lease track space as necessary, from transportation companies serving the packer. If storage space was not available, the packers were permitted to fill grease in tierces or drums, and store at the packer's plant. Where it was necessary, on account of lack of storage facilities at points where grease was processed, processors were permitted to transfer grease to other points upon approval of administrative officials.

In early November 1933, the Administration advertised for bids on approximately 3,450 tons of fertilizer tankage produced by the wet rendering process; approximately 1,670 tons of tankage produced by the dry rendering process and approximately 21,000,000 tons of grease. The grease was sold to highest bidders at an average price of $2.61 per hundredweight. Total receipts from the sale of inedible products amounted to $604,318.66. The tankage was sold at an average price of $11.75 per ton. The opening and acceptance of bids was handled for the Administration by the meat processing section, the corn-hog section, the special commodities section, and the Bureau of Animal Industry. The bids on grease were accepted as of November 22 and the tankage bids as of November 24. The Administration endeavored to dispose of the inedible products through the usual channels of trade at the best prices obtainable, and to distribute them in such a manner as not to upset the market.

Although an allowance for producing dried tankage from condemned sows was made in schedule B of the original agreement between the Secretary and the processors, no such tankage was actually produced. Instead the processors were permitted to retain the carcasses under agreement not to turn in a claim for processing charges.

In a supplemental agreement prepared as of September 7, the Secretary directed the contracting processors to cut the dry salt sides of the edible product into pieces weighing approximately from 3 to 6 pounds in widths of approximately 3 to 6 inches. Each piece was wrapped in paper, equal in quality to that customarily used in packing pork loins, and boxed for shipment. The instructions directed that the wrapping be done in a workmanlike manner, and in such a way that when delivered to relief agencies for distribution, no additional wrapping could be required. The product was packed in crates or boxes (not paper cartons) of approximately 100 pounds each. The wrapped cuts were packed approximately in the proportion in which they were produced from the hog, that is, the hind cuts to constitute approximately one fifth of the weight produced, the shoulder cuts one fifth, and the middle cuts three fifths.

Processors were further instructed by the Secretary to label each box or crate with the words "Dry salt meats," "For Federal Relief Administration," and "Not to be sold." It was specified that when orders came for carload quantities, the boxes or crates should be promptly transferred from cutting departments to cars and well stored therein, or loaded on trucks if so ordered. It was specified that when orders called for less-than-carload quantities, the boxes or crates should be transported to freight depots or other specified destinations, in a safe and careful manner. It was further specified that when weather conditions required, railroad cars should be pre-iced, and iced in transit with sufficient ice and salt to carry safely the contents to destination in good condition.

A few instances in which the cured products appeared to have spoiled or become tainted came to the attention of the Administration. Upon investigation, it was found that the fault lay not with the Administration, but with the local relief officials, or others who were handling the meat. In one instance of spoilage shortly after the pork distribution began, it was found that a box of product had been permitted to stand in the sun for some time and had not been transferred to refrigeration. In ordering out shipments, it was necessary to insure that storage facilities of the consignee were adequate to handle properly the volume of product ordered.

IV. Relationship With the Federal Emergency Relief Administration

Arrangement for disposal of the cured meat was one of the problems involved in the development of the emergency marketing program. The Agricultural Adjustment Administration inquired of the Federal Emergency Relief Administration as to the possibility of that organization distributing the cured pork among needy families. The Relief Administration concurred in the opinion that such disposal was desirable and could be arranged. An agreement, therefore, was reached under which the Relief Administration would take a maximum of approximately 100,000,000 pounds of dry salt pork, properly wrapped and boxed, with the understanding that this volume of product should be distributed in addition to the regular purchases of cured pork for relief purposes.

The cutting, packing, and shipping costs on the total of 97,531,000 pounds, or approximately 3,200 carloads of pork were paid by the Relief Administration. These costs averaged about 3 cents per pound of product. The shipments were allocated by the Relief Administration to relief agencies among the 48 States, the District of Columbia, and several insular possessions. The original schedule called for the delivery of about 840 carloads prior to December 1, 1,000 carloads prior to January 1, 835 carloads prior to February 1, and 658 carloads prior to March 1.

Because of subsequent purchases of additional cured-pork products for relief distribution, the shipments of the products resulting from the pig and sow program were distributed at a faster rate than originally anticipated. By January 15, all but about 1,500,000 pounds had been ordered shipped from processing plants, where it was being held in storage. The meat processing section of the Agricultural Adjustment Administration assisted the Relief Administration with the distribution arrangements and attended to the technical details in connection with the cutting and packing.

V. Disbursing and Auditing

It was the desire of the Administration that farmers selling pigs and sows should receive their payments as promptly as possible, preferably on the day of sale. Therefore, it was arranged with the contracting processors that they should settle immediately with sellers out of their own funds and promptly present vouchers for cost of the live pigs and the immediate initial processing cost to auditors of the Agricultural Adjustment Administration.

Under sections 7 and 8 of the original agreement with the Secretary, it was specified that the processor should purchase and pay for the animals on the usual cash basis and that he might each day present

to the Federal Reserve bank of the district in which he was located, an itemized statement of the animals which he had purchased for the account of the Secretary during the preceding day. Such itemized statements were to include, with respect to the purchase from each seller, (*a*) the number of spring pigs and sows purchased during the preceding day, (*b*) average weights of the pigs and sows as purchased, (*c*) the price paid for the same by the processors, and (*d*) the written approval of a designated inspector of the Bureau of Animal Industry. Under section 10 of the agreement with the Secretary, it also was provided that the processor should attach to the itemized statement, on purchases of live hogs, a bill for the cost of processing pigs and sows.

Under later arrangements, however, the processors reported to field auditors for the Administration, instead of to the Federal Reserve banks. At the end of each day, each contracting processor submitted to the auditor the official scale tickets for pigs and sows purchased, a report on the number of pigs and sows slaughtered, the manner of processing, and other pertinent data, constituting a voucher for reimbursement from the Secretary of Agriculture for money paid for live animals, plus allowable charges for services rendered by the contracting processor. The Administration auditor then promptly checked the vouchers and upon certification, transmitted them to finance officers of the War Department, who were designated to disburse funds on behalf of the Secretary of Agriculture.

Field auditors acting for the Agricultural Adjustment Administration in checking vouchers of contracting processors under the emergency hog marketing program were located at Kansas City, Kans.; Sioux City, Iowa; Omaha, Nebr.; St. Louis, Mo.; South St. Paul, Minn.; and Chicago, Ill.

Finance officers of the War Department disbursing funds to contracting processors, upon authorization from the field auditors of the Agricultural Adjustment Administration, were located in designated cities: Fort McPherson, Ga.; Chicago, Ill.; Fort Hayes, Columbus, Ohio; Fort Omaha, Nebr.; Fort Sam Houston, Tex.; St. Louis, Mo.; Fort Mason, San Francisco, Calif.; Brooklyn, N.Y.; Seattle, Wash.; and Washington, D.C. The disbursing operations were conducted under the direction of Maj. Gen. F. W. Coleman, Chief of Finance.

With one exception, all disbursements due have been made (as of Jan. 15, 1934), to processors with respect to cost of live animals and initial processing operations. Disbursements due for secondary processing, storage, and miscellaneous charges are not yet completed because of some checking which is yet to be made in connection with accounts of a number of processors.

It was estimated at the outset that the gross cost of the emergency buying campaign, based on the purchase and processing of a maximum of 4,000,000 pigs and 1,000,000 sows, might amount to between 50 and 55 million dollars. The estimated total cost of the edible products f.o.b. eastern cities, on the basis of an anticipated yield of approximately 285,000,000 pounds, was $34,524,187. The anticipated gross cost of inedible products, f.o.b. plants, was $15,832,017. The grand total gross cost of purchasing and processing the original maximum of 5,000,000 pigs and sows, for edible and inedible purposes, was estimated in advance at $50,356,204. To this preliminary budget was added a maximum estimate of $3,500 for field service; a maximum estimate of $10,000 for printing; $3,000 for miscellaneous; $87,000 for the estimated costs of the inspection service of the Bureau

of Animal Industry; and $3,500,000 estimated allowance for possible increase in the market price of packing sows during the buying period.

This brought the total estimated cost of the campaign to $53,959,704. It was estimated that this cost would require a processing tax on hogs during the 1933–34 marketing year of about 55 cents per hundredweight live weight. As it turned out, however, the actual expense of the emergency program will amount to approximately $35,000,000. A smaller amount was expended than originally anticipated primarily because the purchases of 2,000,000 extra pigs did not offset the sum which would have been expended if the full quota of 1,000,000 sows had been purchased. Also some saving in processing and storage cost was effected through immediate disposal of a large part of the tankage.

(A statistical summary of the program, as of January 15, 1934, follows:)

	Number of head	Approximate live weight	Approximate total amount paid for live hogs
1. Purchases for edible purposes:			
(a) Pigs (70–80–100 lbs.)	1, 083, 650	93, 816, 471	$5, 928, 177. 62
(b) Sows	222, 149	79, 100, 364	3, 355, 182. 28
Subtotal	1, 305, 799	172, 916, 835	9, 283, 359. 90
2. Purchases for inedible purposes:			
(a) Light pigs	5, 105, 067	270, 573, 305	21, 359, 742. 05
Total (all pigs and sows)	6, 410, 866	443, 490, 140	30, 643, 101. 95

	Pounds
3. Yield and processing cost of edible product:	
(a) Pounds dry salt meat produced	100, 145, 000
(b) Shrinkage in cure	2, 614, 000
(c) Net yield of meat	97, 531, 000
(d) Amount of product ordered shipped (as of Jan. 1, 1934)	86, 303, 674
(e) Remainder available for distribution (subsequent to Jan. 1, 1934)	11, 227, 326
(f) Amount remaining for distribution (as of Jan. 25, 1934)	1, 500, 000
4. Yield and processing cost of inedible products:	
(a) Yield of grease	20, 868, 355
(b) Estimated potential yield of tankage (approximate)	25, 000, 000
(c) Amount of tankage saved and stored	10, 086, 000
(d) Total processing cost for inedible purposes (including cost of tankage disposal)	$1, 874, 000

NOTE.—Figures dealing with the emergency hog-marketing program given herein are subject to revision in all instances. This report is based upon the latest available information, but the final report of the auditors for the Agricultural Adjustment Administration is not yet available. Final figures will not differ greatly from those presented herein.

Report of total number of pigs and sows purchased during the emergency hog-marketing program by State of origin, Aug. 23 to Oct. 7, 1933, both inclusive

	Edibles			Inedibles		
	Number head	Pounds (live weight)	Live-weight cost	Number head	Pounds (live weight)	Live-weight cost
New York	310	27, 640	$1, 850. 15	1, 189	55, 405	$4, 796. 94
New Jersey	148	12, 485	873. 38	1, 467	65, 862	5, 727. 73
Pennsylvania	228	19, 925	1, 347. 24	1, 097	53, 175	4, 596. 70
Ohio	69, 095	5, 938, 994	398, 354. 59	330, 995	17, 511, 490	1, 444, 587. 55
Indiana	76, 538	6, 547, 236	433, 440. 55	268, 561	14, 601, 535	1, 183, 172. 69
Illinois	113, 409	9, 875, 978	643, 961. 17	427, 839	23, 818, 485	1, 908, 643. 36
Michigan	16, 281	1, 409, 235	92, 850. 15	59, 185	3, 192, 885	258, 899. 85
Wisconsin	33, 391	2, 935, 033	187, 081. 51	129, 066	7, 307, 716	572, 829. 00
Minnesota	79, 265	6, 959, 972	426, 924. 98	374, 892	20, 457, 890	1, 577, 928. 66
Iowa	116, 147	10, 050, 221	632, 490. 70	429, 317	23, 909, 516	1, 858, 239. 09
Missouri	147, 995	12, 798, 952	807, 808. 92	627, 720	34, 077, 624	2, 671, 434. 16
North Dakota	30, 723	2, 666, 945	163, 343. 42	206, 819	10, 680, 540	833, 117. 81
South Dakota	82, 956	7, 187, 894	449, 895. 76	713, 310	35, 949, 143	2, 866, 249. 53
Nebraska	84, 001	7, 193, 135	447, 386. 57	353, 735	18, 905, 896	1, 471, 287. 61

Report of total number of pigs and sows purchased during the emergency hog-marketing program by State of origin, Aug. 23 to Oct. 7, 1933, both inclusive—Continued

	Edibles			Inedibles		
	Number head	Pounds (live weight)	Live-weight cost	Number head	Pounds (live weight)	Live-weight cost
Kansas	121, 917	10, 592, 273	652, 245. 59	568, 320	29, 695, 225	2, 311, 535. 22
Maryland	375	32, 740	2, 221. 11	4, 756	215, 750	18, 842. 61
Virginia	2, 264	194, 865	12, 877. 70	17, 430	856, 780	71, 467. 05
West Virginia	901	81, 017	5, 397. 25	7, 573	392, 645	33, 040. 90
North Carolina	732	63, 465	3, 880. 69	3, 681	180, 705	14, 135. 63
South Carolina	290	24, 389	1, 503. 20	2, 379	111, 100	8, 559. 15
Georgia	1, 450	133, 356	6, 957. 76	9, 110	436, 050	31, 327. 63
Florida	1, 236	107, 075	5, 894. 55	4, 353	227, 640	15, 761. 93
Kentucky	10, 664	929, 030	60, 156. 75	46, 164	2, 484, 055	199, 131. 16
Tennessee	3, 885	326, 335	21, 570. 63	21, 341	1, 061, 225	87, 064. 43
Alabama	490	42, 696	2, 593. 33	3, 549	164, 493	12, 950. 37
Mississippi	135	12, 015	720. 57	1, 669	78, 210	6, 237. 44
Arkansas	4, 227	359, 305	23, 149. 20	27, 721	1, 307, 865	108, 736. 63
Louisiana	7	610	36. 60	116	6, 770	506. 35
Oklahoma	55, 243	4, 758, 126	289, 332. 30	314, 587	15, 355, 620	1, 209, 760. 66
Texas	15, 440	1, 331, 755	79, 960. 76	75, 995	3, 703, 700	287, 737. 92
Montana	1, 177	101, 285	6, 271. 10	5, 495	306, 290	23, 301. 62
Idaho	977	83, 351	5, 016. 74	2, 675	140, 202	10, 574. 05
Wyoming	1, 223	102, 253	6, 396. 18	5, 727	296, 949	22, 928. 82
Colorado	5, 315	460, 999	27, 615. 68	34, 702	1, 805, 660	136, 516. 89
New Mexico	274	24, 270	1, 452. 46	1, 835	94, 490	7, 228. 46
Arizona	1, 339	116, 825	6, 918. 90	4, 408	223, 872	17, 086. 23
Utah	197	17, 189	790. 12	782	41, 162	3, 108. 47
Nevada				80	4, 270	328. 93
Washington	534	47, 837	2, 786. 54	2, 974	165, 065	12, 164. 25
Oregon	307	26, 335	1, 574. 95	1, 536	76, 165	5, 875. 39
California	2, 569	223, 850	13, 274. 12	10, 917	554, 185	42, 323. 18

	Sows			Total pigs and sows		
	Number head	Pounds (live weight)	Live-weight cost	Number head	Pounds (live weight)	Live-weight cost
New York	65	20, 690	$917. 11	1, 564	103, 735	$7, 564. 20
New Jersey	14	6, 680	272. 28	1, 629	85, 027	6, 873. 39
Pennsylvania	29	10, 720	444. 69	1, 354	83, 820	6, 388. 63
Ohio	5, 586	1, 877, 010	76, 633. 95	405, 676	25, 327, 494	1, 919, 576. 09
Indiana	11, 997	4, 224, 065	181, 554. 58	357, 096	25, 372, 836	1, 798, 167. 82
Illinois	35, 671	12, 897, 400	561, 607. 90	576, 919	26, 591, 863	3, 114, 212. 43
Michigan	1, 874	652, 020	28, 000. 66	77, 340	5, 254, 140	379, 750. 66
Wisconsin	5, 464	1, 964, 080	85, 042. 46	167, 921	12, 206, 829	844, 952. 97
Minnesota	14, 496	5, 356, 486	219, 735. 15	468, 653	32, 774, 448	2, 224, 588. 79
Iowa	70, 341	25, 514, 955	1, 079, 754. 47	615, 805	59, 474, 692	3, 570, 484. 26
Missouri	9, 866	3, 479, 954	145, 265. 74	785, 581	50, 356, 530	3, 624, 508. 82
North Dakota	1, 419	418, 960	18, 177. 74	238, 961	13, 766, 445	1, 014, 638. 97
South Dakota	11, 516	3, 961, 100	165, 451. 18	807, 782	47, 098, 137	3, 481, 596. 47
Nebraska	35, 664	12, 600, 864	542, 188. 87	473, 400	38, 699, 895	2, 460, 863. 05
Kansas	8, 593	2, 967, 503	118, 203. 74	698, 830	43, 255, 001	3, 081, 984. 55
Maryland	39	12, 845	676. 49	5, 170	261, 335	21, 740. 21
Virginia	136	42, 510	2, 161. 68	19, 830	1, 094, 155	86, 506. 43
West Virginia	11	3, 315	155. 31	8, 485	476, 977	38, 593. 46
North Carolina	12	3, 750	187. 60	4, 425	247, 920	18, 203. 92
South Carolina	17	5, 805	249. 12	2, 686	141, 294	10, 311. 47
Georgia	29	9, 290	377. 89	10, 589	578, 696	38, 663. 28
Florida	25	9, 140	377. 90	5, 614	345, 855	22, 034. 38
Kentucky	1, 309	411, 295	17, 131. 79	58, 137	3, 824, 380	276, 419. 70
Tennessee	327	99, 175	4, 498. 49	25, 553	1, 486, 735	113, 133. 55
Alabama	22	6, 470	$283. 94	4, 061	213, 659	$15, 827. 64
Mississippi	2	535	24. 05	1, 806	90, 760	6, 982. 06
Arkansas	105	33, 180	1, 438. 84	32, 053	1, 700, 350	133, 324. 67
Louisiana				123	7, 380	542. 95
Oklahoma	3, 949	1, 304, 420	51, 748. 67	373, 779	21, 418, 166	1, 550, 841. 63
Texas	707	222, 601	8, 969. 22	92, 142	5, 258, 056	376, 667. 90
Montana	194	64, 505	2, 890. 16	6, 866	472, 080	32, 462. 88
Idaho	194	68, 199	3, 097. 70	3, 846	291, 752	18, 688. 49
Wyoming	107	38, 300	1, 633. 90	7, 057	437, 502	30, 958. 90
Colorado	1, 074	391, 346	16, 352. 44	41, 091	2, 658, 005	180, 485. 01
New Mexico	29	9, 175	423. 37	2, 138	127, 935	9, 104. 29
Arizona	101	28, 715	1, 235. 58	5, 848	369, 412	25, 240. 71
Utah	50	16, 781	601. 39	1, 029	75, 132	4, 499. 98
Nevada	9	2, 840	138. 20	89	7, 110	467. 13
Washington	270	92, 035	4, 207. 23	3, 778	304, 937	19, 158. 02
Oregon	117	44, 440	2, 138. 76	1, 960	146, 940	9, 589. 10
California	714	226, 790	10, 905. 79	14, 200	1, 007, 825	66, 503. 09

VI. Summary

As had been already indicated, the purchases of pigs exceeded the original maximum by 2,189,209 head. On the other hand, however, the purchases of sows, totaling 222,240 head, fell short of the original goal by 777,760 head. The sale of additional pigs will not effect as large a total reduction in future marketings, but it will substantially influence marketings at the fore part of the marketing period which this program will affect.

The sale of extra pigs, on the basis of the difference between their weight at the time of emergency sale and the average weight to which hogs are fed, should mean a reduction of approximately 400,000,000 pounds in the future supplies. The sale of approximately 770,000 more sows, however, would have meant a potential decrease in market supplies next summer of approximately 850,000,000 pounds of live hogs. This is because the sale of each sow would have removed from fall farrowings approximately five pigs, which, under normal circumstances, are fed to an average market weight of about 225 pounds. Whereas the original expected decrease in future market supplies was between 1,500,000,000 and 1,800,000,000, the actual reduction as a result of the program will be in the neighborhood of 1,000,000,000 to 1,200,000,000 pounds.

The emergency program did not begin materially to affect marketings of hogs until the end of January 1934. This was because even the heaviest pigs sold under the program would not have reached market weight until after the month of November. Although it is difficult to estimate precisely how the marketings of the pigs purchased by the Government would have been distributed during the season if they had been fed up to average market weights, the Administration has made an approximation based on the average of weights at the time the pigs were purchased by the Government, the probable length of time that would have been required to feed them to market weights, and the probable proportion of the total number purchased that would have entered inspected slaughter channels.

These approximations and the months in which they probably would have been sold are shown in the following table:

Estimated distribution of the Federally inspected slaughter of pigs purchased by the Government, if they had been marketed at normal market weights

Month	Number	Month	Number
1933		March	1,400,000
December	150,000	April	950,000
1934		May	500,000
January	500,000	June	100,000
February	1,400,000	Total	5,000,000

It has been estimated that 5,000,000 head of the 6,200,000 normally would have been slaughtered under Federal inspection and that the peak of such marketings would have occurred around March 1, 1934.

It was stated at the time the program was inaugurated that should market supplies be reduced by 15 or 16 percent, that is, between 1,500,000,000 and 1,800,000,000 pounds, hog prices for the season should average from 25 to 30 percent higher than they otherwise would

have been. This statement was based on studies over a period of years by the Bureau of Agricultural Economics, which indicate that within reasonable limits on either side of the normal supply-demand relationship, a change of 10 percent in supply of hogs is associated with a change of about 20 percent in the price of live hogs.

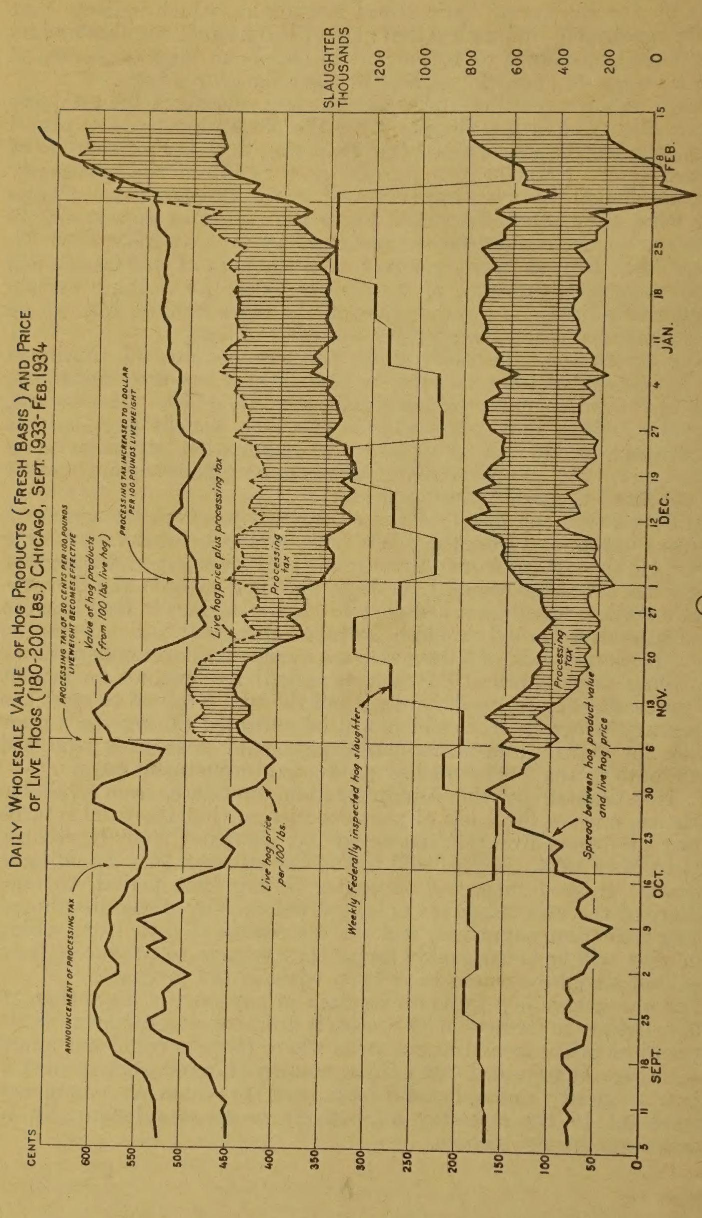
Based on a net relationship of Chicago hog prices and the total live weight of inspected hog slaughter for the November to May period during the last 13 years, the actual reduction in slaughter supplies of approximately 1,000,000,000 pounds as a result of the emergency program should mean an improvement in the Chicago price of hogs over what they otherwise would be to the extent of approximately $1.80 per hundredweight for the months November to May, 1933–34. It should be kept in mind, however, that the bulk of this benefit will go to farmers in the form of benefit payments for making certain production adjustments rather than in the more familiar form of an equivalent increase in the open-market price of hogs.

Hog prices were destined, under the circumstance of continued heavy year-end market receipts, to remain at a low level until such time as the emergency program should have its effect. The decline, of course, which took place will be offset by benefit payments to cooperating producers. Further, the hog-market situation after February 1, 1934, improved materially as hog supplies began to reflect the effects of the pig-buying program.

In estimating the effect of the emergency program on aggregate returns to producers from the sale of hogs during the winter marketing season (1) the returns from pigs and sows sold for emergency slaughter over what otherwise would have been obtained without the Government's market premium schedule, and (2) the savings in feed because these animals were sold should be included along with the cash returns from the actual sale of fattened hogs during the winter months at prevailing market prices. It also is essential to include as benefit the processing tax proceeds, in excess of the sum required to meet the emergency program cost, which will be collected during the winter season for distribution as reduction payments to farmers who will participate in the 1934 corn-hog production adjustment plan.

It is estimated by the Administration, therefore, from available statistics, and on the basis of past experience, that the total returns of hog producers from (1) inspected hog slaughter from November 1933 to May 1934, (2) pigs sold to the Government that would have otherwise entered inspected slaughter during that period, (3) the portion of the processing tax collected before May to be distributed as hog reduction payments, and (4) the saving of corn from selling such pigs will be considerably larger than returns to producers from inspected slaughter would have been without the program.

The emergency hog program resulted in payment of more than 30 million dollars to farmers in 39 States; it drew concentrated shipments at premium prices from drought areas where farmers could not afford to feed pigs; it provided 100 million pounds of cured pork for distribution to needy unemployed people, and provided an emergency supplement to the corn-hog adjustment program substantially to raise the producers' income.


DAILY WHOLESALE VALUE OF HOG PRODUCTS (FRESH BASIS) AND PRICE OF LIVE HOGS (180-200 LBS.) CHICAGO, SEPT. 1933-FEB. 1934
CENTS
SLAUGHTER THOUSANDS
ANNOUNCEMENT OF PROCESSING TAX
PROCESSING TAX OF 50 CENTS PER 100 POUNDS LIVEWEIGHT BECOMES EFFECTIVE
PROCESSING TAX INCREASED TO 1 DOLLAR PER 100 POUNDS LIVE WEIGHT
Value of hog products (from 100 lbs. live hog)
Live hog price plus processing tax
Processing tax
Live hog price per 100 lbs.
Weekly Federally inspected hog slaughter
Spread between hog product value and live hog price
SEPT.
OCT.
NOV.
DEC.
JAN.
FEB.